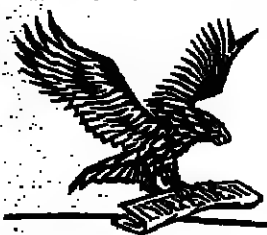


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N° 3,302

THE INDEPENDENT

WEDNESDAY 21 MAY 1997

WEATHER: Cloudy with showers

(R45p) 40p



IN THE TABLOID

**BRIDGET JONES:
IS MY UNCLE
MY FATHER?**



IN THE TABLOID

**THE SECRET
OF THEIR
SUCCESS**



ESSAY PAGE 20

**DEATH OF
AN INNOCENT**

Labour's City revolution

Chancellor announces tough new system of supervision

Anthony Bevine, Diane Coyle and Tom Stevenson

Gordon Brown yesterday announced plans to create the most effective system of City supervision in the world, as a means of protecting small savers, pensioners and investors and enhancing the international reputation of London's financial markets.

The Chancellor of the Exchequer's announcement stunned the Commons, but it was promptly welcomed by the Consumers' Association and MPs who had been concerned by a growing list of embarrassing financial scandals.

The move, which follows hard on the heels of the Chancellor's decision to hand the Bank of England the freedom to set interest rates, is widely seen as retribution for the financial service industry's tardiness in clearing up the pensions' mis-selling scandal.

A series of scandals in recent years that have badly dented the City's reputation as a global financial centre, have included the collapse of the Bank of Credit and Commerce International, the Guinness scandal, the near collapse of the Lloyd's insurance market and the fall of Barings Bank at the hands of rogue trader Nick Leeson.

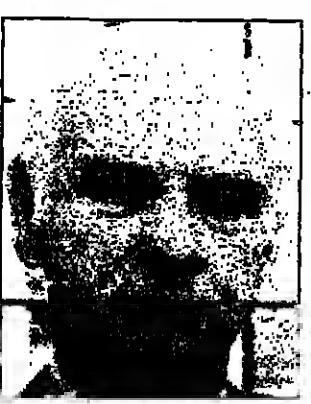
Ministers played down the link to scandals, however, stressing that the new framework would be more efficient and less expensive. Mr Brown said he wanted "to reduce the chance of events such as the mis-selling of personal pensions happening again."

Howard Davies, currently a deputy governor of the Bank of England, is to become the head of a newly beefed-up Securities and Investments Board (SIB), which will firstly take over the Bank of England's regulatory supervision of the banks.

The enhanced SIB - which will act as watchdog with statu-

tory powers of enforcement and scrutiny - will eventually take over the regulatory powers of no less than seven different bodies, following consultation and new legislation, expected some time next year.

Mr Brown told the Commons: "The distinctions between different types of financial institution - banks, securities firms and insurance companies - are becoming increasingly blurred. Many of today's financial institutions are regulated by a plethora of different supervisors. This increases the cost and reduces the



Howard Davies: New head of beefed-up SIB

effectiveness of supervision."

As an example of the crossed lines of control, banks are currently supervised by the Bank, stockbrokers by the Securities and Futures Authority, asset managers by the Investment Management Regulatory Organisation, retail financial services advisers, who sell personal pensions, by the Personal Investment Authority, and unit trusts by the current SIB.

Self-regulatory organisations, like Lloyd's insurance market, and recognised professional bodies, like accountants, are also to be brought within the remit of Mr Davies's new organisation, which should be up and running - with full powers, and a new name - by 1999.

After telling the House of his decision to give the Bank of England independent control over interest rates, and the new City control structure, Mr Brown confirmed yesterday's *Independent* report that he had asked the National Audit Office to check Treasury assumptions on growth, unemployment, and interest rates, as well as projections on privatisation proceeds and "spend-to-save" measures like the receipts that would come from social security fraud exercises.

Later, after opening the final day's debate on the Queen's Speech, the Chancellor capped an action-packed day with a Confederation of British Industry dinner at which he said that he would be setting up a new enterprise and growth unit in the Treasury, as part of his aim to provide business with long-term economic stability.

The announcement was greeted with a mixture of relief and caution in the City. "The current method of reporting is cumbersome and anything to simplify that will be very welcome. It's much too early to tell if it will make a difference," one banker said.

The new Securities and Investments Board will take in the previously self-regulating organisations set up by the Financial Services Act of 1986 as well as the responsibility for banking supervision, which was previously the role of the Bank of England. The changes bring the previously idiosyncratic British system more in line with the statutory American and German models.

The current system had become widely discredited and had even been criticised by SIB's present chairman, Sir Andrew Large who said this week that the present two-tier system "lacked efficiency and credibility".

Hamish McRae, page 21
Further report, page 22
Prudential under fire, page 22



Standing guard: Tougher regulation of the City will give greater protection to investors

Photograph: Tom Pilstone

The model of a public servant

Howard Davies is the very model of a modern public servant, a man who has depressed his friends for years by compulsively over-achieving. He is sporty, classless and informal - and, for an Englishman, ruthlessly disciplined.

He is a graduate of many of the institutions of modern Britain. After Oxford, he went to the Foreign Office and Treasury, where he was a special adviser to Nigel Lawson. He joined the management consultants McKinsey & Co, whose influence made them a key part of the new establishment during the Tory years.

Mr Davies first became a public name when he ran the Audit Commission, dealing adroitly with extremely difficult financial crises - notably the Hammersmith Council speculation scandal. He became director general of the CBI, then deputy governor of the Bank of England. At times it has seemed that wherever public, official Britain touches the world of commerce at a high level, Howard Davies is near at hand.

Despite his closeness to Thatcherite politicians in the Eighties, Davies is not ideological. He once pondered a political career from himself, but was easily dissuaded by his wife. He will fit neatly into Tony Blair's new establishment: like the Prime Minister, Davies is an enthusiastic father to sports-mad boys and is married to a career woman.

Above all though, he is energetic, driven, hard to deflect, in work or play. He and his wife give parties which are famous for their complicated parlour games, and he is a good cricketer. As the ultimate umpire for the City, where rules have been blurred and conduct has been dubious, he is likely to introduce a rigorous regime that some will find uncomfortable.

Bart's hospital to be saved

Exclusive

Colin Brown
Chief Political Correspondent

Britain's oldest hospital, St Bartholomew's, will be saved, Labour MPs said last night after receiving assurances from senior Cabinet sources that a review would rescue the hospital from closure.

Senior Labour backbenchers said that they had been telephoned by the Cabinet sources to assure them that St Bart's, the City of London hospital, will not close.

Frank Dobson, the Secretary of State for Health, has ordered a moratorium on the 'Rivers' closure plan for London hospitals

pending a review which is to be carried out by Alan Milburn, the Minister of State for Health.

Ministers are expected to deny that any decisions have been taken, but Whitehall sources confirmed that the review was expected to give priority to the study of the future of St Bart's. It is likely to focus on ways of ensuring that the world-famous hospital remains on the site.

The big issue that remains to be resolved is whether the hospital's accident and emergency unit can be reopened. The department was closed more than two years ago, and featured largely in the high-profile campaign to save Bart's which included stage and screen stars.

Whitehall sources said it was unlikely that the unit could be reopened. One option could be to raise private finance for an accident and emergency department, as part of the private finance initiative.

The MPs have been told that saving Bart's is seen by ministers as a powerful symbol to demonstrate the Government's commitment to the National Health Service.

There has been a St Bartholomew's hospital on the same site in Smithfield for almost 870 years. It was founded in 1123 to care for the sick and poor of the City of London but was adopted by the rich money makers in the City as their local hospital.

Saving it could also save money on the capital programme. The previous government planned to close the hospital by 2001 but the Royal Hospitals NHS Trust, which includes Bart's, announced a £300m scheme to build a new 1,100-bed hospital in Whitechapel, east London, to replace Bart's and three other hospitals.

The hospital won support last night from an unusual quarter. John Redwood, who had challenged John Major for the Conservative Party leadership, said: "Labour should review their closure programme. They are threatening to close far too many hospitals." He said closure would break faith with

the party's commitments on the health service.

There were also clear signals yesterday by Mr Dobson that he was going "softly softly" on Labour's commitment to replace GP fundholders with locally commissioning in which GPs have to co-operate with other family doctors.

Mr Dobson announced that he was deferring all further entrants to the eighth wave of GP fundholders, but he said plans for creating local commissioning groups of fundholders would be tested in a series of pilots before being extended.

The Queen's Speech omitted a Bill to force fundholders to join commissioning groups, and while it is being held in re-



serve, Mr Dobson has privately told GPs' leaders he wants to "go with the grain" of the profession.

Mr Milburn had met with the National Association of Fundholding Practices, of whom Mr Dobson said: "They appear to be satisfied with what we are proposing."

Russia and Nato to share missile defences

Exclusive

Christopher Bellamy
Defence Correspondent

Nato and Russia are to cooperate over ballistic missile defence - shooting down missiles aimed at any European target between the Atlantic and the Urals.

The commitment is part of the historic agreement between the Nato Alliance and Russia. The *Independent* obtained a leaked copy of the final draft of the "Founding Act" last night. It shows that both sides gave way on key issues to forge agreement.

The text, agreed last week between the Nato Secretary-General, Javier Solana, and the Russian Foreign Minister, Yevgeny Primakov, is being considered by President Boris Yeltsin before final signature next week. The 16-page Founding Act is to pave the way for Nato to issue invitations to east European states to join the Alliance at the Madrid summit in July - probably Poland, Hungary and the Czech Republic, in the first instance.

Among "areas for consultation and cooperation", the Act lists "possible cooperation in Theatre Missile Defence" - which Russia has requested

since President Reagan's "Star Wars" initiative in the 1980s. Both Russia and the West fear that states in the Middle East have the ability to hit states in Europe with missiles.

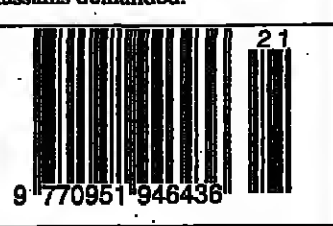
Nato gave ground on several key issues, saying that it has "no intention, no plan and no reason to deploy nuclear weapons on the territory of new members", and does not "foresee any need to do so". Nato also gave way to Russian demands that it re-write its "strategic concept" - which dated back to the era of the Soviet Union. Page two of the Act says Nato will re-examine the concept "to ensure that

it is fully consistent with Europe's new security situation and challenges" - in effect, admitting that the principal "enemy" may not be Russia.

The text also pledges Nato support for peace-keeping operations carried out not only under the authority of the United Nations, but also the Organisation for Security and Cooperation in Europe. Lastly, the Act commits both parties to lowering arms levels below those agreed in the Conventional Forces in Europe Treaty.

The Russians have given way to Nato on two counts. The Act confirms Nato and Russia have no "right of veto over

the actions of the other, nor do they infringe upon or restrict the rights of Nato or Russia to independent decision making and action". Although not in the document itself, it is also understood it will be "politically" binding - not "legally" binding, as the Russians demanded.



Runway battle begins
The battle for Bollin Valley, scene of Manchester Airport's second runway, began yesterday as around 60 sheriff and bailiffs backed by more than 100 police officers moved in just before 4am. Page 3

Welcome to polluters
In its efforts to attract new industries to set up shop within its borders, New York State has surely come up with the most novel, and controversial, incentive of them all: permission to pollute. Page 12

Help for failing schools
David Blunkett has pledged to send in "help squads" to the 18 schools identified as failing by government inspectors. But the headmaster of one of the schools says he should have been given more time. Page 4

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Also this week, Punch sorts out Paul Weller, an ex-Playmate gives Matthew Freud a hard time, and Mr & Mrs Frusconi talk about their little charge of a son, John.
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Runway protesters ousted by 'medieval brutality'

Michael Streeter

The battle for Bollin Valley, scene of Manchester Airport's second runway, began yesterday amid claims of "medieval brutality" used by officials to shift protesters.

Around 60 sheriffs and bailiffs backed by more than 100 police officers, some on four-wheel buggies on the muddy terrain, began their operation just before 4am to clear the demonstrators from a series of tree houses and tunnels on the heavily wooded site. By late afternoon, 14 people had been arrested and up to 30 more people had left voluntarily, leaving as many as 100 still to move.

One journalist making a documentary with the protesters claimed he was beaten on the head by bailiffs, and a demon-

strator claimed CS gas and batons were used to dislodge them. One of their spokesmen, Jeff Gazzard, said: "The language of the sheriff and of his bailiffs is one of medieval brutality. And that is the way they have behaved."



A protester being led away by police at Bollin Valley

strator claimed CS gas and batons were used to dislodge them. One of their spokesmen, Jeff Gazzard, said: "The language of the sheriff and of his bailiffs is one of medieval brutality. And that is the way they have behaved."

At an acrimonious press conference, Cheshire's under-sheriff Randal Hibbert, in charge of the clearing, denied any brutality, and pointed to the "low number of arrests, mostly among those who had used 'lock-on', people who had chained themselves to trees or concrete. He said: "It was a very satisfactory day's events."

He denied his men had been involved in attacks, including one on the journalist. However, television producer John Fraser Williams, who is making a documentary for SC4 in Wales, claimed he had been restrained with plastic handcuffs, laid face down in the mud and beaten on

the head. Mr Fraser Williams, who had apparent cuts around the ear said: "If that's what they do to journalists, then God help the protesters."

He said he had full confidence that Greater Manchester police, who, he said, would not behave with such "thuggishness," would investigate his allegations.

Last night, a police spokeswoman confirmed they had received two complaints about official behaviour, including one by a journalist, and these were being referred to the Police Complaints Authority.

After weeks of standoff during which veteran protesters had built a series of tree houses and up to 15 tunnels, including one called Cakehole, some 70 feet in length, the pre-dawn action to remove them still took some by surprise. Teams of sheriff officials, with specialist tree-climbing units wearing white suits, and tunnelling experts in black suits and masks, moved into the first part of the site to jeers, cat calls and blowing of whistles. One woman protester hurt her leg after apparently falling from a tree and one other said officials had used CS gas. Another called Phil said: "I was hit over the head with truncheons."

By mid-afternoon one of the biggest tree houses called Zion had been cleared after a battle between officials and protesters over a flag which flew from the top of their giant beach tree. In the Jimi Hendrix tree, eight more protesters clung on as the officials suspended their operations for the day to concentrate on clearing tunnels.

Yesterday's dramatic events are likely to be just the first stage of a clearance operation which could last for at least a month. Officials expect that by the end of the week they will have cleared the Greater Manchester part of the massive site, but will then face the much tougher task of removing people from tree houses and tunnels including the Cakehole under the Cheshire side, where more and more protesters were expected to arrive overnight.

The Under-Sheriff himself admitted the whole operation could take "weeks" before contractors can start work on concreting the £170m runway.

For many of those involved on both sides, this will not be their first meeting, after similar clashes at Newbury and Fairmile in Devon. One demonstrator said: "There is mutual respect between us. We're on first name terms with some of them."

As Chelsea says it with flowers, Interflora's cosy world is shaken by...



Blooming marvel: A tall bearded iris, one of the more spectacular specimens on show at the Chelsea Flower Show, which opened yesterday

Photograph: Brian Harris

A root and branch rebellion

Chris Godsmark
Business Correspondent

Away from the glamour of Chelsea, the nearest most people get to floral gifts is through the cosy world of Interflora, Britain's biggest flower delivery organisation. Yet behind the reassuringly genteel image Interflora has, over the past four weeks, been ripped apart by a bitter row over plans to modernise an association with roots stretching back 74 years.

Interflora's former directors, who were ousted at a dramatic mass meeting less than a fortnight ago, could decide today to launch a legal action against their successors. Without a compromise, the dispute is likely to end in court.

Not all the 2,600 independently run florists which form Interflora's membership are taking sides. "Interflora used to be such a harmonious organisation. Now it's in a terrible mess," laments Richard Felton from behind the counter of one of two florists branches in London's Docklands.

Mr Felton, joint managing director of Felton Wills and Segar, is sitting on the fence, or more appropriately the hedge, but regrets the growing mood of animosity. "I've often wondered what our grandfathers would say about all this. It's a great shame."

And Mr Felton has more to regret than most. His grandfather and his partner's grandfather were founder members of the first Interflora coun-



Neutral: London florist Richard Felton, who is sitting on the fence in the dispute but regrets the growing animosity

Photograph: Nicola Kurtz

cil, convened in the old Covent Garden flower market. The pioneers' ingenious idea was to combine the expanding telephone system with a fast-improving transport network to build a nationwide flower delivery chain.

Today Interflora works on the same principle. Members run their own shops but pay a fee to fund a mutually owned company, based in St Leonards-on-Sea, which manages the central ordering process. A customer can

walk into a shop in Penzance and order flowers for delivery to Penrith.

But like other mutual organisations such as the building societies, as commercial pressures mounted, Interflora realised it had to change. Two years ago a new board, including nine elected member directors led by chairman David Parry, began drawing up proposals to streamline the business.

Their solution was to raise the annual subscription fee from £300 to around £1,800, while cutting the trans-

action charge Interflora levies on each order from £2.99 to 60p. The aim was to give individual shops greater incentive to use the network, but the change angered smaller florists.

"The vast majority of people were in favour of this, but some smaller members will initially be slightly worse off. I've admitted that," said Mr Parry from exile in his florists in Fleet, in Hampshire. "But we are giving them the tools to fight back. Otherwise they'd be squeezed out like the local butcher or greengrocer."

In addition, the board investigated turning Interflora into a conventional company, ditching its mutual status, in which member florists would own shares. The move could lead to a stock-market flotation. Opponents were doubly concerned at rumours the old board was considering selling or merging the business, a charge Mr Parry vehemently denies. "That's not the case at all. I know nothing about that."

The business plan proved to be the spark which ignited years of simmering discontent. Events culminated in the mass meeting at Warwick, where rebel florists voted to fire the entire board, including Mr Parry and Douglas McGrath, the full-time chief executive. A new six-member board was immediately elected in their place, which lost no time in shutting a loss-making flower wholesaling business.

But the series of votes were only past by the slimmest of majorities. Using his powers as outgoing chairman, Mr

Parry asked for a postal ballot of the entire membership, a call rejected by the new directors. Late last week 470 florists sympathetic to the Parry and McGrath camp delivered a petition to Interflora calling for a ballot on their reinstatement. "This new board was elected to be democratic. If they don't call a ballot they won't be delivering on that platform," Mr Parry said.

Last night the new board, led by Bristol florist David Hughes, was in meetings mulling over advice from a barrister on their decision to refuse a postal ballot. They will tell members the outcome this morning, though if they refuse to back down, Mr Parry warned he could take the issue to court. "I'm saddened by the whole thing. We were elected to take Interflora in the 21st century. Everything we've done is what the members wanted."

The bizarre twists have bewildered members like Mr Felton, who both supported the business plan and sympathised with the rebels. "There's a genuine fear of autocratic rule from the central organisation. These people are not rebels. They're just nice hard-working people who are worried about the possible autocracy of the board."

Mr Felton doubts the chances of an amicable solution. "It would be nice to think hands could be shaken and the two boards could work together to get the best of both worlds. Flowers always carry a message of goodwill, but in this case that might be a pipe dream."

"Well Mr Sissons, one reason is probably because the chances of winning a prize on Premium Bonds will soon be a lot better."

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Failing schools to be helped, not hit

Judith Judd
Education Editor

Help squads, not hit squads, will be sent into 18 of the country's worst schools named yesterday as part of the Government's offensive against poor standards.

David Blunkett, the Secretary of State for Education, wants to contrast the Conservatives' failure to deal with bad schools with Labour's refusal to tolerate

them. All the schools were identified as "failing" at least a year ago but had not responded quickly enough to improvement plans, ministers said.

Teaching unions attacked the decision to "name and shame" schools where the morale of teachers and pupils is already low.

But Mr Blunkett told BBC Radio 4: "Education is not a secret garden. It is not a little world of its own. It is about the

life chances of children."

Ten of the schools are in inner or outer London, one is a special school and four have opted out of local authority control.

Dulwich High, formerly William Penn, in Southwark, the local school where Harriet Harman, Secretary of State for Social Security, refused to send her son, is also there.

Under the previous government's legislation, ministers

have powers to send hit squads of experts into schools to replace the management and decide whether they should be closed.

Instead, Mr Blunkett intends to send in headteacher consultants with experience of turning round schools for between five and ten days. The new "Smart" (Special Measures Action Teams) will work alongside existing heads and local authorities. Stephen Byers, the

school standards minister, said: "Our policy is help squads not hit squads. The approach is different from that of the previous government. We will take strong measures but we will provide considerable support and follow up."

If schools have not shown clear signs of improvement by September, the Government will press local authorities to close them and reopen them with new head teachers.

Ministers are consulting lawyers about whether they will need new powers to force local authorities to give schools a fresh start.

Mr Byers said: "Nothing will be hidden. Parents have a right to know if schools are under-achieving. I think when they have had time to reflect on the offer of help, not denigration, these schools will welcome what we have to offer."

He said the schools were

not being branded as the worst in the country. Inspectors' reports were used to decide which schools were failing to show sufficient improvement.

Nigel de Gruchy, general secretary of the National Union of Schoolmasters/Union of Women Teachers, said: "We had enough of public humiliation from the previous Conservative government. The new Labour government will soon discover that these problems cannot be resolved by distant diktat."

David Whithread, head of education at the Local Government Association, said some authorities had been prevented by heads and governors from intervening in failing schools. "We want power to intervene when we see the warning signs rather than waiting for schools to fail and crucify the children in them while we turn them round."

Donald MacIntyre, page 22

Small, rural and miles from the inner city. So what went wrong?

Lucy Ward
Education Correspondent

Abbey Farm Middle School, inching towards recovery since inspectors branded it failing two years ago, was just yards from the finishing line when the Government pronounced its progress too slow, its head said yesterday.

The 140-pupil school, in the heart of a deprived council estate in Thetford, Norfolk, is among 18 failing schools singled out by ministers as doing too little to improve despite months under emergency measures.

Its inclusion shocked officials at the Norfolk Local Education Authority, and the head teacher, Dominic Cragoe, who was told by government in-

spectors on their last visit that Abbey Farm could expect to be off the failing list next term.

Where severe criticisms over behaviour and teaching standards two years ago had been entirely justified, yesterday's announcement was "farfetched", Mr Cragoe said. "We drew up a detailed action plan, kept to it and reviewed it each year, and we have made good progress. We were given to believe we would soon get the all-clear, so why then publicly denounce the school?"

The head insists he has never shrunk from confronting the school's shortcomings. Immediately after arriving in early 1994, he called in the inspection agency, Ofsted, and accepted the expected verdict of failure.



Class war: Dominic Cragoe (left), head teacher of Abbey Farm middle school in Norfolk, felt good progress had been made with his pupils

Photograph: Simon Hadley

Standards of achievement were below expected levels in every subject but French, curriculum planning was weak and behaviour was poor among significant numbers of pupils, inspectors said.

"We were like the Ridings was last year," the head said. "We had kids running out of lessons or out of school, or making V-signs at staff." A new discipline policy swiftly brought behaviour under control, and weak staff were given extra training to improve planning and teaching quality.

Out of 12 teaching staff in post at the time of the inspection, only four now remain.

The rest have been replaced with highly-experienced teachers. A literacy programme developed by the new deputy head has seen pupils make dramatic progress, and the proportion of satisfactory lessons has risen from 20 per cent to 60 per cent since inspections.

"The real issue is this school had probably the weakest Ofsted report in the country and you can't simply say every school has to be out of special measures in two years," said Mr Cragoe. "There are many in the race to improve who might meet that target, but we really

had our legs tied together."

Staff, he predicts, will feel battered by the school's latest public humiliation and raising morale will be "an enormous task". Pupils, too, must come to terms with a fresh failing label, though parents have remained consistently loyal during the school's troubles.

Having heard of Abbey Farm's inclusion on Labour's list only at 11.30am yesterday, Mr Cragoe is still not sure what the Government's new teams of experts will do, or how they can offer extra support not already provided by the Authority and inspectors.

Roll call of shame

Across the country, 44.5 per cent of pupils gained five or more GCSEs at grade A-C. Average aggregate Key Stage 2 score was 170.

Earl Marshal School, Sheffield: 8 per cent of pupils gained five A-C grade GCSEs. Ashburton High, Croydon: 18 per cent of pupils gained five A-C grade GCSEs. Ingram High, Croydon: 22 per cent of pupils gained five A-C grade GCSEs. Dulwich High for Boys, Southwark: 9 per cent of pupils gained five A-C grade GCSEs. Mostyn Gardens Primary, Lambeth: Key Stage 2 tests aggregate score: 107. South Benwell Primary, Newcastle: Key Stage 2 tests aggregate score: 50. Southfields GM School, Gravesend, Kent: 9 per cent of pupils gained five A-C grade GCSEs. St Mary of the Angels, Westminster: Key Stage 2

tests aggregate score: 130. Kelsey Park GM School, Bromley: 27 per cent of pupils gained five A-C grade GCSEs. Abbey Farm Middle School, Thetford, Norfolk: Our Lady of Fatima GM School, Liverpool: 7 per cent of pupils gained five A-C grade GCSEs. Rams Episcopal Primary School, Hackney: Key Stage 2 tests aggregate score: 93. Morningside Primary, Hackney: Key Stage 2 tests aggregate score: 94. Upton Manor GM School, Gillingham, Kent: 7 per cent of pupils gained five A-C grade GCSEs. Blakelaw School, Newcastle upon Tyne: 10 per cent of pupils gained five A-C grade GCSEs. Lea Green Special School, Waltham Forest. Handsworth Wood Boys' School, Birmingham: 11 per cent of pupils gained five A-C grade GCSEs. Lillian Bayless School, Lambeth: 17 per cent of pupils gained five A-C grade GCSEs.

Plutonium dumped off Channel Islands

Philip Jeune

Investigations by the Jersey authorities have revealed that thousands of drums of nuclear waste dumped in the sea just north of the Channel Islands contained plutonium, contrary to claims made by the United Kingdom Atomic Energy Authority.

A report published in Jersey yesterday says there is no immediate health risk to Channel

islanders but reveals that the British government has been asked to undertake regular monitoring of the area. The issue is likely to be raised in discussions with the Home Office next week.

More than 58,000 drums filled with nuclear waste from sites such as Harwell and Aldermaston were dumped 10 miles north of Alderney between 1950 and 1963 in an

area known as the Hurd Deep.

The UK authorities had claimed that all the drums imploded as they sank, dispersing their contents, but the Jersey investigations have revealed that more than 2,900 drums were sealed in concrete and still lie 150 metres beneath the surface.

The new evidence was discovered by the island's environmental adviser, Dr Mike Romerill, while searching

through files held at the UKAEA headquarters at Harwell and the Public Records Office at Kew.

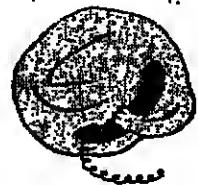
"Some drums disposed of in 1951 contained plutonium/polonium-contaminated laboratory waste, probably from Aldermaston," said Dr Romerill. "While such disposal was permissible at the time, such plutonium-contaminated waste would no longer be considered

as "low level" and would be disposed of deep underground."

That the UK authorities gave contradictory information about the waste dumped in the Hurd Deep has been confirmed by Sir John Knill, the former chairman of the Radioactive Waste Management Advisory Committee, who assisted Dr Romerill in his investigation.

Records Office confirmed the presence of plutonium-contaminated wastes which would not, at the present day, be regarded as "low level waste," said Sir John. "This is contrary to the explicit oral statement we received at the UKAEA in July 1996 to the effect that 'no material disposed of would, under the current regulations, be considered to be intermediate level waste.'"

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Hopes of ceasefire as talks begin

David McKittrick
Ireland correspondent

Government officials are today to meet Sinn Féin representatives for peace talks against the background of an undeclared IRA ceasefire which has now been in place for more than three weeks.

The new contact, together with noticeably upbeat remarks made yesterday by Sinn Féin president Gerry Adams, has stirred renewed speculation that a second formal cessation of IRA violence is possible.

Most observers, however, tend to believe this is likely to happen on a timescale of months rather than weeks. There are also fears that the delicate manoeuvring could be blown off course by street disturbances as the loyalist marching season gets under way.

The last major act of IRA violence in Northern Ireland took place on 10 April when a woman police officer, Reserve Constable Alice Collins, was shot and seriously injured in Londonderry in what was clearly a murder attempt. Since then IRA terrorism has simply ceased, according to security sources.

The rate of republican "punishment beatings" has also dropped sharply. While earlier in the year there were almost a nightly occurrence, the sources say republicans have carried out only three of these in the last three weeks. It is unclear whether these three were the work of the IRA or some other republican faction.

In Britain there has been some IRA disruption of road and rail communications since the policewoman's shooting, but this activity ceased some days before the general election on 1 May. These patterns have

been closely studied by the authorities, and facilitated Tony Blair's offer of talks with republicans.

In making the offer during his visit to Belfast last week Mr Blair said: "I am prepared to allow officials to meet Sinn Féin provided events on the ground, here and elsewhere, do not make that impossible." This appears to be a clear warning that any reappearance of violence in advance of today's meeting would cause its cancellation or postponement.

The IRA has occasionally eased off its violence in the run-up to elections so as not to put off potential Sinn Féin voters, but it is rare for it to call a complete halt. Voting takes place today in Northern Ireland's council elections, and the Republic's general election is due early next month.

The undeclared ceasefire might therefore be characterised simply as a tactical electoral pause, but it seems highly likely that it had the double purpose of smoothing the way for Mr Blair's invitation. No one is confident whether, or how long, the undeclared ceasefire will last. Some observers speculate that if it does it will allow republicans to argue that the IRA has already moved some way to fulfil the government demand that it should demonstrate its sincerity about peace "by word and deed."

Today's meeting is expected to take place within the Stormont government complex in east Belfast, with Martin McGuinness, newly elected as MP for Mid-Ulster, leading the Sinn Féin delegation. Quentin Thomas, who as political director is the second most senior civil servant at the Northern Ireland Office, is expected to lead the government team.



Stroke of genius: Bowie has launched his own art publishing company with Sir Timothy



Career move: Performers (clockwise from top left) who sought a new niche and dabbled in business, with varying success, include Peter Dinklage, who created a mini-empire in the West Country; Bono, who with U2 is doing up hotels; Sir Cliff Richard, who with his own money got Heathcliffe off the ground; Dave Clark, who bought rights to a Sixties music show and Pete Townshend, whose musical version of a Ted Hughes story may be filmed

Old rockers never die – they go on to make even more millions

Paul McCann
Media Correspondent

As a financial wheeze, David Bowie's launch last night of his own art publishing company is more *Tin Machine* than *Ziggy Stardust* when compared with his release of a "Bowie Bond" earlier this year. That innovative plan to cash in on future royalties from his back-catalogue made the Thin White Duke a cool £34m.

On the other hand, 21, his partnership with Sir Timothy Sainsbury, gallery owner Bernard Jacobson and the editor of *Modern Painters*, Karen Wright, is likely to see more modest returns. Its first book, *Blimey! From Bohemia to Britpop: The London Artworld from Francis Bacon to Damien Hirst*, will do more for the Bromley boy's art-world credibility than his bank account, but the hype his association brings to the book should help sales and add that little extra to his fortune.

As a devotee of Marcel Duchamp and collector of modern British art, Bowie's latest venture springs from his own interests, as all the best rock-star brand extensions should.

Peter Dinklage, who in the Seventies was one of the few singers to compete with Bowie for downright weirdness, has translated his interest in world music and the new media to create his own mini-empire in the West Country. His *Real World* label and studios in Wiltshire helped launch the careers of the Senegalese star Youssou N'Dour and Pakistani singer Nusrat Fateh Ali Khan, while his *Womad* international music festival has helped convert thousands to his taste in music.

Less obviously lucrative has been Gabriel's interest in virtual reality. *Real World's* *Eve CD-ROM*, retailing at £29.99, is a combination of computer game, music video and build-your-own-album that may be a hit ahead of its time. *Eve* can take 60 hours to play and is made up of 22,000 photographs, 80 minutes of video footage and chopped-up Gabriel songs. When the information revolution really arrives, he will be one of its most glamorous anoraks.

More conventional rock entrepreneurs have invested in what they know about too. U2 is doing up hotels, in this case the £5m refurbishment of the Clarence Hotel in Dublin, rather than wrecking them, like less financially astute bands.

But it takes true rock dinosaurs to come up with the tackiest of deals, like the Rolling Stones' ultimate over-priced merchandising gimmick: the Rolling Stones Limited edition Volkswagen Golf, part of a sponsorship deal that netted the Sanatogen rockers £4m.

The more naïve-looking Sir Cliff Richard is arguably even more financially clued up. The bachelor boy personally invested £2m to get the musical *Heathcliffe* off the ground. This wasn't a way of making sure he got the lead part but a smart business decision.

He market-tested the songs in the musical by Sir Tim Rice and sold 200,000 copies of the soundtrack album before opening the show. This helped sell £8.5m in advance ticket sales and the critically panned show is due to travel the world.

Pete Townshend's experience of musicals has been more mixed. As poetry consultant at

Faber and Faber rather than The Who's lead guitarist, he prepared a musical version of Ted Hughes's story *The Iron Man* for the West End which was later picked up as a film idea by Warner Brothers. However, 1995's stage version of his 29-year-old rock opera *Tommy* closed before the end of its run.

"By the time these guys reach 50 one of the reasons they are still there is because they've picked up some business acumen," says Mart Snow, editor of music magazine *Mono*. "They learn by being ripped off by accounts and managers. And by learning about the music industry they learn about other aspects of the media and show-business world."

Mr Snow believes Dave Clark has shown the most nat-

ural flair for business. Having never seen a Dave Clark Five revival, he made himself a millionaire by buying rights to footage of the Sixties music show *Ready Steady Go* and investing in musicals like the other Sir Cliff vehicle, *Time*.

Adam Faith ran *Faith*, a celebrity management consultancy and became a star writer for the *Daily Mail's* financial pages. But he invested in fraudster Roger Levitt's company and found himself bankrupt at the beginning of the Nineties. He has now paid off his debts and claims he is sticking to show-business for the foreseeable future. But for some of rock's entrepreneurs time spent in the board room is proving more successful than time spent in the recording studio.

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Tories vote on 1922 leadership

Fran Abrams
Political Correspondent

Five Tory backbenchers are competing for the chairmanship of the influential 1922 Committee, it emerged last night as nominations for the post closed.

The influential "men in grey suits", who have been severely depleted since the election, must choose a new leader before they can set about finding a replacement for John Major.

Among those who announced that they were in the running for the post were the former armed forces minister, Archie Hamilton, and the former secretary of state for education, John MacGregor. Also standing are Edward Leigh, a Euro-sceptic former trade and industry minister, John Townend, chairman of the right-wing '92 group, and John Butterfill, MP for Bournemouth West.

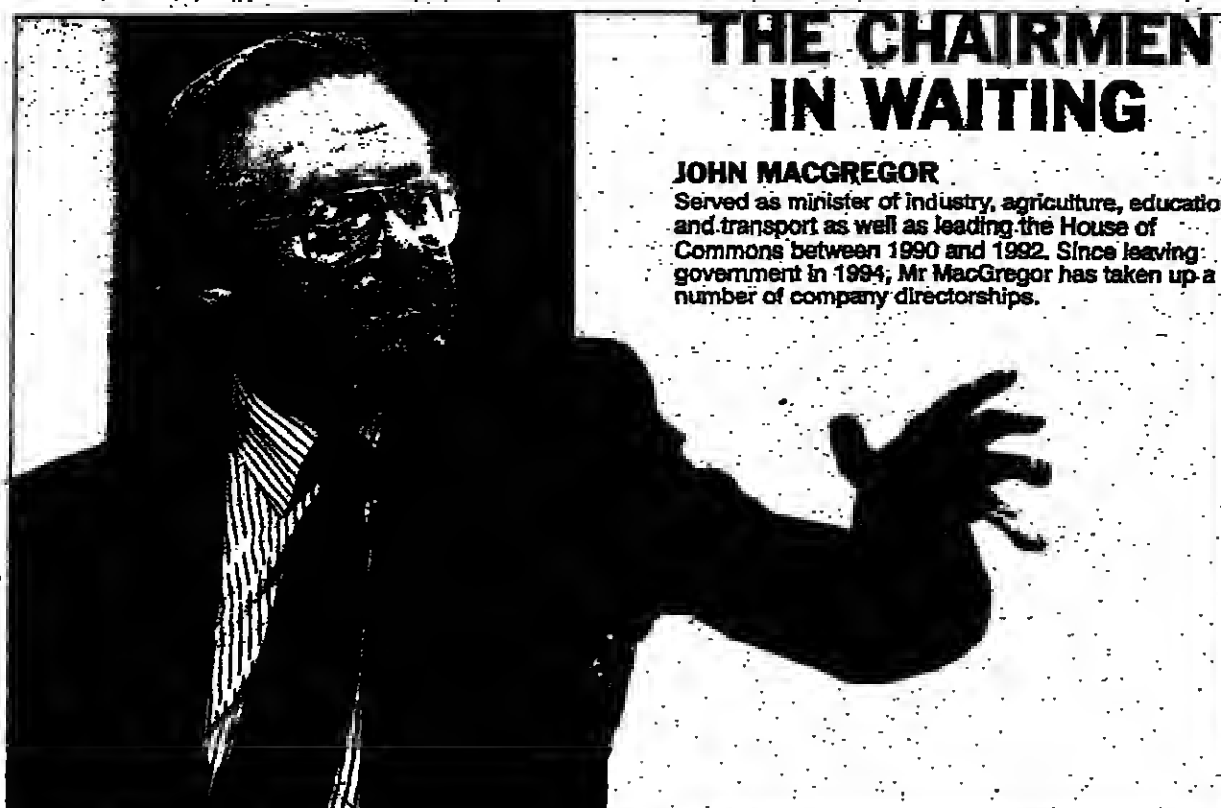
The former chairman, Sir Marcus Fox, lost his Shipley seat to Labour at the general election and one of his two vice-chairmen, Dame Jill Knight, stood down. The secretaries, Sir John Hannam and Sir Peter Hordern, and the treasurer, Sir Giles Shaw, also chose to leave Parliament.

The executive of the 1922 Committee is traditionally a powerful body to whom the party leader must listen. It represents the views of the rank and file, and if backbenchers lose faith in the leadership, it is the executive who may force a change of regime.

The election will take place today, and once it is over the committee's first task will be to set a timetable for the leadership election. One issue bound to be discussed at an early stage by the new committee is the question of widening the leadership election to take in ordinary party members.

The result of the election will be published tonight. Standing for the vice-chairmanship are Sir Geoffrey Johnson Smith, an existing vice-chairman, Sir Anthony Steen, a senior backbencher, Alan Clark, former minister and MP for Kennington and Chelsea, and Mr Townend and Mr Butterfill. Sir Anthony is also standing for treasurer, as is former minister Sir Peter Emery and Macclesfield MP Nicholas Winterton.

Four people have put their names forward for a secretary post: Mr Steen, former minister Michael Mates, Broxbourne MP Marion Roe and Thanet North MP Roger Gale.



THE CHAIRMEN IN WAITING

JOHN MACGREGOR

Served as minister of industry, agriculture, education and transport as well as leading the House of Commons between 1990 and 1992. Since leaving government in 1994, Mr MacGregor has taken up a number of company directorships.



EDWARD LEIGH

A loyal Thatcherite, Mr Leigh received little reward for his pains. He entered Parliament in 1983 but only became a minister - at trade and industry - under John Major in 1990. He was sacked in 1993 for leading the anti-Maastricht ministers, and backed John Redwood for the leadership in 1995.



JOHN BUTTERFILL

On the more liberal end of the Conservative Party, Mr Butterfill is a Europhile and opposes capital punishment. He is also in favour of a limited lowering of the homosexual age of consent. A former parliamentary private secretary to Brian Mawhinney and Cecil Parkinson.



SIR ARCHIE HAMILTON

As the son of the third Baron Hamilton of Dabzell, Sir Archie Hamilton is one of a handful of aristocrats in the House of Commons. He was a defence minister for six years. He supports the return of capital punishment and opposes any reduction in the homosexual age of consent.



JOHN TOWNEND

Already a member of the 1922 Committee executive, he holds right-wing views on almost every issue from tax cuts to public spending, from the trade unions to immigration and from hanging to homophobia. He was a Maastricht rebel and backed John Redwood's bid for leadership of the party in 1995.

Hague camp welcomes votes for local chairmen

Colin Brown
Chief Political Correspondent

William Hague last night welcomed a move by Brian Mawhinney to give constituency party chairmen a say in the election of the leader of the Conservative Party. Mr Hague's camp believe the move to give the constituency chairmen 15 per cent of the vote - equivalent to 25 MPs - will give the former Welsh Secretary the edge over the other candidates for the leadership.

Mr Hague has embarked on a busy round of regional constituency meetings to put pressure on Tory MPs to back him, and his supporters claim he is ahead with grassroots members.

It is likely the first ballot will take place on 10 June - possibly the same day as the Budget - with party chairmen being allowed to cast their votes by telephone using a code number. The 164 Tory MPs will make up the rest of the votes.

Mr Hague will underline his commitment to a radical change in the party's voting system at a London rally tonight for over 300 supporters. His campaign was boosted yesterday with the backing of former Treasury minister John Major.

The intervention by the chairman of the Conservative Party has made it almost certain that an immediate change in the rules to elect the leader will be agreed by the officers of the 1922 Committee of Tory MPs, who are being elected today.

It marks a partial victory for Robin Hodgson, the chairman of the party's voluntary wing, the National Union, who led the campaign for a 20 per cent share of the vote to be given to the Parliamentary constituency chairmen, Euro-constituency chairmen and the 200-strong National Union executive committee.

Proposing a compromise, Dr Mawhinney said: "We need to be clear that such a change would set a precedent for the principle of wider direct involvement in leadership elections. It should not, however, set a precedent for the mechanism."

Michael Howard, the former Home Secretary, tried to get his campaign back on the rails after the attack by Ann Widdecombe, a former minister, by issuing a policy pamphlet called *The Future of Europe* calling for a "pick and choose" arrangement in the EU for law and order, the Common Agriculture Policy and the Common Fisheries Policy.

"Only by allowing countries to pick and choose the policies which they wish to administer jointly can the EU regain the confidence of its peoples," he said.

He promptly came under fire from the Tory chairman of the MEPs, Tom Spencer. Those advocating withdrawal from the CAP showed how little they had learned from the May Day defeat, he said.

"What was rightly punished on May Day was the arrogance of a political party which had begun to assume that it had a right to perpetual power. That arrogance led it to indulge in internal feuding and press-driven paranoia about Europe," he told Surrey chambers of commerce.

Chris Patten yesterday ruled himself out of the race. Mr Patten, the Governor of Hong Kong, may have swept the boards for the leadership, if he had had a seat in Parliament enabling him to run.

No more letters from the Chancellor

The Chancellor has upset Tory MPs with another innovation at the Treasury, by announcing that he is no longer able to send MPs personal replies to all their bids for the Budget, writes Colin Brown.

Gordon Brown has written to all MPs saying he is trying to streamline the system of letter

writing from the Treasury to backbenchers. In the past, the Chancellor's office has had to send out hundreds of personal letters to MPs when they raised issues on behalf of their constituents or made suggestions for inclusion in the Budget. Each has carried the Chancellor's signature, although recently it has

been printed. In future, the MPs will receive a standard letter. Mr Brown told the MPs that by streamlining the system, he will be able to spend more time on the substantive issues they have raised. A Treasury source said it was a "sensible measure" that "should not be taken as any discourtesy to MPs".

But the Tory MPs regard the change as one Treasury cut too far. "I am appalled," said Nicholas Winterton, the long-serving Tory backbench MP for Macclesfield. "It is a discourtesy to the House and is a further blow to the principle of accountability by this Labour government."

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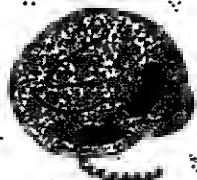
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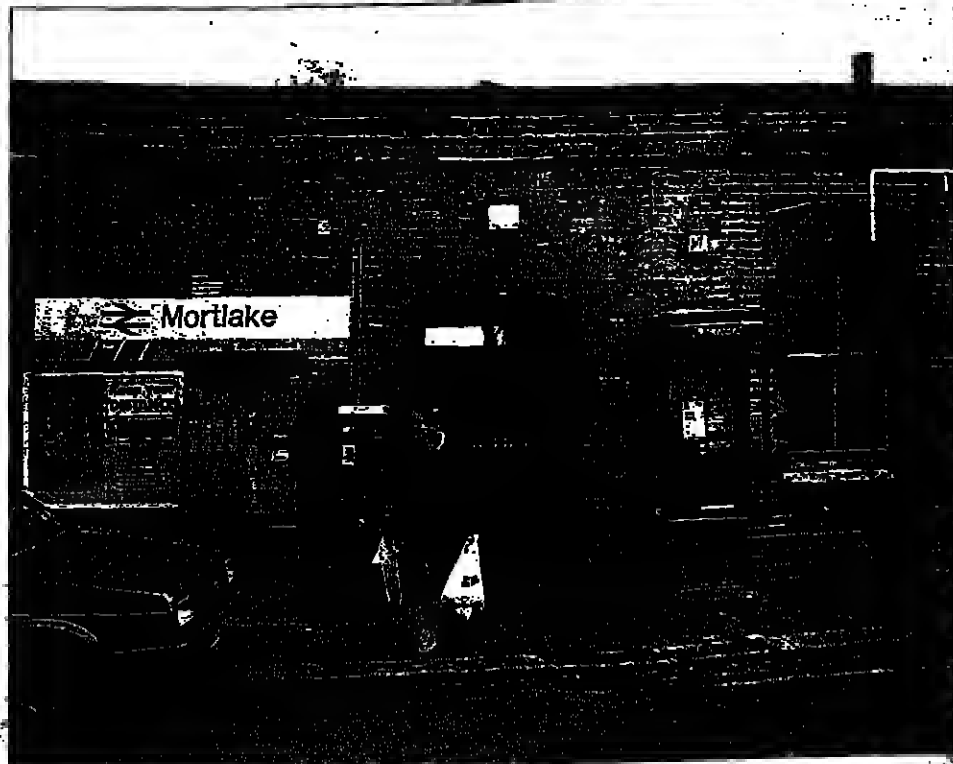
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news



The restored Liverpool Street Station contrasts with run-down Mortlake (above right) in London

Photographs: Brian Harris/Kalpeh Lathigra



£1bn spruce-up for stations on wrong side of the tracks

Randeep Ramesh
Transport Correspondent

A £1bn programme to renovate Britain's crumbling railway stations was launched yesterday by Railtrack.

The company, which owns the nation's track, signalling and 2,500 stations, will embark on an ambitious plan which includes roof renewals, reglazing and repairs to hundreds of poorly-maintained buildings.

Railtrack will also be ensuring that station facilities are improved along with passenger information systems, footbridges and platforms.

Sir Robert Horton, chairman of the company, said: "This is a very, very exciting day for the railways and our programme will give a huge boost to every station throughout the country."

"Stations are the most visible part of our responsibility - they are our shop window. They should not be drab or grey. We have some magnificent stations and we intend to restore these precious buildings to their full glory."

The company also hopes that it will not be hit hard by the Government's proposed windfall levy. "I have no information on the windfall tax or whether it applies to Railtrack," Sir Robert said.

Dilapidated stations have long been the target of travellers' ire. A recent survey by the London Regional Passengers Committee found stations in south London, including Tooting, Wimbledon Chase and Banstead were "dirty" and had "major problems" with "extensive graffiti and vandalism".

The company's managers also hope that its new spending plans will find favour with John Swift QC, the Rail Regulator, who last December described the company's level of maintenance spending as "wholly unacceptable".

Labour's transport team had made it clear before the election that legislation would be drafted to force Railtrack to meet its investment commitments unless the company addressed the problem itself.

With more than £1bn committed to "deliver the world's best railway", laws are unlikely to hit the statute book.

Save Our Railways, the rail pressure group, welcomed the spending plans but said it remains to be "convicted that the plans will turn Britain's stations into the safe, secure and modern facilities that passengers are entitled to".

Some of the biggest stations, including London Paddington, Edinburgh Waverley, London Waterloo and Glasgow Central, will be refurbished. Regeneration budgets range from tens of thousands of pounds for a lick of paint to major developments costing £50m per station.

Work will begin on more than 300 stations this year, with the remaining 2,200 upgraded by 2001. There are also plans to allow train companies to offer franchises ranging from retailers to medical services, giving passengers the chance to buy a dental check-up on the station.

Also being considered are high-tech "hot desking" offices - where travellers could be charged for the use of modems, faxes and phones while they wait for their trains.

The best and the worst

FIVE OF THE BEST
KING'S CROSS, LONDON - 1996 Station of the Year. High standard of service for passengers and the subject of a successful clean up.
BIRMINGHAM INTERNATIONAL - Good signs, bright and attractive station, good facilities for the disabled.
BICESTER NORTH, OXFORDSHIRE - Well-restored Edwardian station, particularly brightened by plants.
WYMONDHAM, NORFOLK - An unstaffed station "adopted" by the owner of a piano showroom. He has installed a "Brief Encounter" tea room, named after the rail station movie.
WATERLOO INTERNATIONAL, LONDON - The Chunnel tunnel Eurostar train terminal has won design awards for its dramatic roof and futuristic look.

FIVE OF THE WORST
MORTLAKE/SELHURST - The two stations top Railtrack's hit list for urgent repairs.
SOUTH GREENFORD, WEST LONDON - One of the platforms had to be demolished because of embankment subsidence.
FROME, SOMERSET - A crumbling platform and buildings, peeling paint and graffiti.
NORTHWICH, CHESHIRE - The station has no staff and the building has been boarded up and left to rot.
BIGGLE, CORNWALL - Rail campaigners claim: "You would never know there was a station there." There are no signs from the road, no timetable, a demolished shelter and no name of the station anywhere to be seen.

Police sponsorship deals attacked as corruption

Jason Bennett
Crime Correspondent

A police leader yesterday attacked what he called a drift towards "lingo cops" and warned that growing private sponsorship could lead to corruption.

David French, chairman of the Constables' Central Conference, which represents the 97,000 constables in England and Wales, insisted "our badge is not for sale".

He said: "I don't want PC MacBurger on my shoulder, my helmet or my back."

He added: "Policing is a public service and it must operate independently of and above all private interests. Anything else is tantamount to corruption."

He attacked the increasing number of forces that are adopting private sponsors as the Police Federation of England and Wales' annual conference in Blackpool yesterday.

Chief constables are now allowed to raise up to one per cent of their funding from private sources, which could be worth £70m a year. A number of forces already use private backers, including Northumbria which has sponsorship from a local brewery, and Avon and Somerset, which gets support from an off-licence.

Mr French said: "We the constables say no to your logo, on our vehicles, on our equipment, on the signs above our stations, and especially on our uniforms."

He went on to attack chief constables who act like "chief executives" by using extra funding to buy expensive equipment and computers, rather than patrol officers.

"It wasn't beat cops we got, hut flying ones, in shiny helicopters, all Turtle Wax and roaring engines for the local news to film. And instead of more officers outside, we got Intel inside. Swanky new computers so sophisticated that they needed other computers to look after them," he said.

The growing discontent among rank and file members was reflected in a survey published yesterday which found that the vast majority of constables in London are critical of the way the Metropolitan police is run.

The survey of 11,411 constables - about half of the force's

total - shows that 83 per cent are dissatisfied with the way resources are allocated and feel they are unable to carry out their responsibilities.

The Federation's conference also heard that crime costs an estimated £16m a year. This includes £16m a week on vehicle theft and £2.3m a day on other theft.

A police force is hoping to trial a new synthetic form of pepper spray. It was announced yesterday. Hertfordshire police is examining a form of spray called Pava, that contains some of the chemical found in peppers. The Home Office has ruled out pepper sprays because of concerns about side effects on pregnant women and people with breathing problems.

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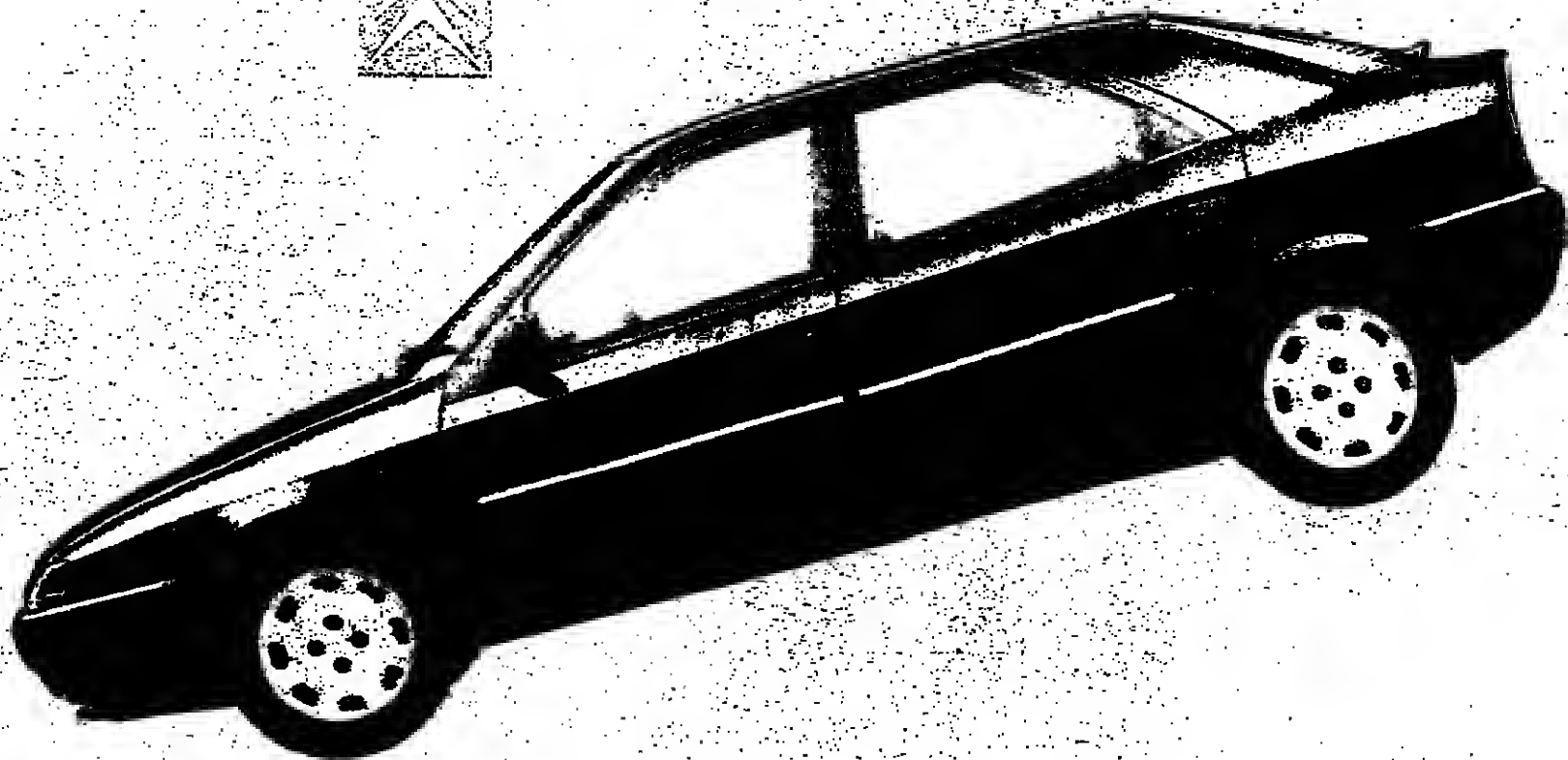
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Labour peer Rogers sets out his vision for an urban revolution

David Lister
Arts News Editor

The architect Richard Rogers used his maiden speech in the House of Lords to spell out a plan for revitalising and humanising Britain's cities.

Lord Rogers, who has been a key figure in advising the Labour Party on architecture for some years, told the Lords we should be regenerating derelict land and unoccupied buildings in our cities "into clusters of compact, live-and-work communities based on walking, cycling and rapid public transport networks".

Rather than sprawl, he said, we should make better use of the space within our cities. Even in London, he added, 5 per cent of the land is derelict or unused.

He said that effective public transport was one key to a better city, inspiring public places were another. "But in Britain's cities today, the public realm has suffered severe erosion - by the car, and by a lack of public ambition. There have been too many public squares, tree-lined avenues or parks built in central London in our lifetimes."

"We have a choice. Roundabouts or civic spaces? Highways or riverside parks? Elitist clubs or open public institutions?"

"Why not use Millennium Lottery funds to plant a million urban trees? Why not create the



Lord Rogers: 'We should regenerate derelict urban land'

most beautiful riverside park along the Embankment from here [Westminster] to Blackfriars? Why not approach this, the Mother of Parliaments through a noble square - rather than across a congested roundabout?"

Lord Rogers detailed what he felt was "wasteful, inefficient and brutalising" in our cities.

He said: "We can ignore the figures about increasing inequality; but it is harder to ignore huddled figures sleeping in streets and doorways or trapped in decaying housing estates. We may flee from inner-city dereliction and take to the suburbs, but in so doing we extend the urban sprawl into the countryside. We may bemoan the decline in public transport while we sit in our cars and poison the air; but meanwhile, urban air quality

continues to decline, one in seven of our inner-city children suffers from asthma. "In London, we've built more and more roads, yet they carry almost 50 per cent fewer people than in 1956, because fewer people take the bus and more go by car. As a result, the average speed has dropped to the home-and-carriage rate of a century ago. The wasted time is said to cost London £15bn a year in wasted time and resources."

On public buildings, Lord Rogers said we must ensure that schools, hospitals, universities, public housing projects, parks and squares are designed by the best talent and sometimes by "the most adventurous". The education system should promote an understanding of the urban environment, he said.

Lord Rogers added: "Cities have the power to humanise or to brutalise. They are made by people and people get the cities they deserve."



Technicolour dreamcoats: Clergy on the catwalk showing designer alternatives to their traditionally subdued outfits at the Christian Resources Exhibition at Sandown Park in Surrey yesterday
Photograph: David Rose

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DAILY POEM

Psalms 23

A version by Gordon Jackson

I am the Lord's sheep; all that I need I have.

*He pastures me in the greenest meadow,
He waters me at the clearest brooks,
he goes to it that I thrive.*

*With care he leads me safely on good paths
for shepherd's honour,
Even through darkest dales and the threats of death*

*I have no fear,
Not with you beside me,
you with your cudgel and your crook to help me.*

*You spread me a feast in front of my enemies;
you shower me with honours, you fill my glass yourself.
All my life long your mercy has dogged my steps,
and your goodness always bounds ahead of me;
And all my life to come the House of the Lord
will be my fold, and yours.*

Gordon Jackson has worked for most of his career in teacher education, in addition to running the Grosseteste Press in Lincoln. The poet Donald Davie, who had come across some of his versions of the Psalms, encouraged him to tackle the whole Psalter. Jackson writes that *The Lincoln Psalter* (now published by Carcanet, £9.95) is intended as a homage to the familiar Miles Coverdale translation that also aims "to drag in with us the contemporary world in which we live. We must find room for the tyrants and oppressors of our time along with David's adversaries, and use his circumstances to make sense of ours".

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Faces in the crowd: Congress Party supporters hold pictures of Sonia Gandhi and her late husband Rajiv at a rally in New Delhi, calling on her to take over as leader of the party. Today is the anniversary of Rajiv's death. Photograph: AP

New York State hands industry licence to pollute

David Usborne
New York

In its efforts to attract new industries to set up shop within its borders, New York State has surely come up with the most novel – and politically controversial – incentive of them all: permission to pollute.

The strategy, details of which only surfaced this week, will be seen either as policy gone mad or as a masterstroke by a state government trying to balance the demands for economic growth and environmental responsibility.

It is made possible by the existence already of so-called pollution credits that are traded for many thousands of dollars on

the open market. The credits are the progeny of the Federal Clean Air Act of 1990 that first set limits on how much noxious material industrial plants could pump into the air.

The Act created a system that works like this: any company or state agency that successfully stays below the limits imposed upon it by the law is granted pollution credits as a reward for its efforts. Those credits can then be traded. The buyers are firms who can then use them to stay within the law rather than investing in modifying their plants actually to reduce emissions.

Now the administration of George Pataki, the Governor of New York, is dangling these credits in front of companies contemplating coming to the state and handing them over free. A glass-making factory has already established itself in the state thanks to a huge hand-out of these credits.

The revelation is bound to provoke angry reactions from environmentalists. Activists argue that once credits have been accumulated, they should be retired instead of sold in order to ensure further protection of the atmosphere.

The United States itself has been widely criticised for being too soft in enacting global agreements on curbing so-called greenhouse gas emissions, the foundations of which were laid at the United Nations Rio summit five years ago.

The notion of pollution credits is, in fact, at the core of proposals recently made by the Clinton administration to the UN, in advance of a summit on greenhouse gases to be held lat-

er in Kyoto, Japan. In this instance, environmentalist activists may like the proposal. It suggests offering credits to companies that go beyond what is required of them in cutting emissions in new plants in emerging industrial giants like China. In return, they would be spared the obligation to make modifications to factories at home in the US, which are probably reasonably efficient already.

Among leading brokerages of pollution credits is Cantor Fitzgerald in New York. Last month, its Environmental Brokerage Services set up a web site for the trading of pollution credits. Moreover, the firm pledged that it would purchase – and retire – one credit for a ton of polluting emissions for every visit made to the site.

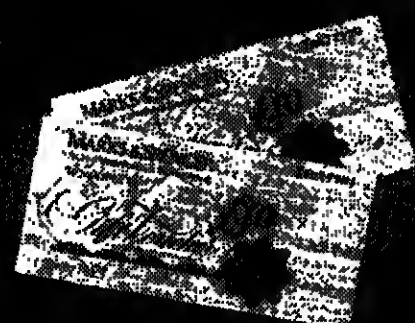
Attention was turned recently to an upstate New York school that initiated a project to raise money for purchasing pollution credits, which were then retired.

The students raised \$24,000 (£15,000) which paid for credits equivalent to the emission of 300 tonnes of sulphur dioxide.

Defending New York state's new policy, a spokesperson for the Empire State Development Corporation told the *New York Times*: "It was a unique and innovative idea. We try to make it easier for manufacturers to move to New York."

But the group Environmental Advocates countered: "It's disturbing that the state would turn around and give away pollution credits it has accumulated by reducing its own pollution emission. The state should be retiring them for public health."

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Turkish PM survives vote but looks doomed

Turkey's government parried efforts to topple it but Necmettin Erbakan, the Prime Minister, may soon have to quit. It won yesterday's parliamentary vote, to decide if it would be subject to a motion of no-confidence, by six votes. While the result has secured the short-term future of the coalition between Mr Erbakan's Welfare Party and Tansu Ciller's True Path Party, she is due to assume a rotating premiership from Mr Erbakan next summer. Christopher de Bellaigue – Ankara

Air Force sex hearing delayed

The court-martial of Kelly Flinn, the US Air Force pilot charged with adultery, was delayed pending a response from the Air Force to her application for an honourable discharge. At the weekend she offered to resign but on Monday, as evidence grew of disagreement in the Air Force about how to deal with the case, officials indicated her request would not be granted. Mary Dejevsky – Washington

Bomber booby-traps bleeper

A booby-trapped bleeper, delivered to a waitress in a New York café, exploded in her hands, blasting off her right little finger. Tara Zukas detonated the bleeper when she changed the battery. Patrons retrieved her finger and packed it in ice. Reports indicated the bomb was probably intended for her brother. Reuters – New York

Fears grow for jaguars

The World Wide Fund for Nature said a Venezuelan proposal to end a ban on hunting jaguars was a "severe threat" to its survival. Venezuela wants to issue licences for jaguars and allow up to 30 of the animals to be exported as hunting trophies each year. Proceeds would go to conservation projects. AP – Gland, Switzerland

Crash dashes space hopes

A Zenit-2 booster rocket carrying a Russian military satellite exploded and crashed soon after launch in another blow to Russia's space programme. AP – Moscow

Top dog goes to big kennel

Millie, a springer spaniel who was "first dog" in the Bush White House and namesake of a book that offered a dog's-eye view of the presidency, has died at the Bush summer home in Maine. She was 12. AP – Houston

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Albania heads back to chaos

PM calls for help as electoral clash threatens new violence, writes Andrew Gumbel

Albania was teetering on the edge of another political explosion yesterday as the country's bitterly feuding parties failed to agree on a mutually acceptable electoral law. The Prime Minister, Bashkim Fino, issued a last-minute cry for help from the international community, warning that renewed chaos was just around the corner.

The country has been convulsed over the past week by a stand-off between President Sali Berisha and his Democratic Party, who have steamrollered their own electoral law through parliament and are now actively campaigning for a poll called for 29 June, and the rest of the political spectrum, which feels affronted, upstaged and cheated.

In theory, parliament was supposed to approve an electoral law only after Mr Fino's government of national reconciliation had negotiated a consensus decision on it. But President Berisha has deliberately ignored his own commitment to all-party rule, resorting instead to his familiar sledgehammer tactics and thus imperilling his country's future.

"The failure of the debate on the electoral law has brought Albania to the brink of an even deeper crisis, with unforeseeable consequences," a statement from Mr Fino's office read.

"At this point the government is completely divorced from the election process. The law as it stands does not provide the framework necessary to ensure that the vote leads to political and social stability in the country. It is no longer a technical problem, the key issue is restoring the country's faith in a free vote."

The international community has a peace-keeping force of several thousand men in Albania, but is effectively powerless to act. Not only does the force's mandate preclude it from intervening in the present crisis, but it has tied its fortunes entirely to Mr Fino's government. Since Mr Fino is by his



Say it with flowers: President Berisha kisses a supporter's hand at the start of his election campaign in Shijak, 20km west of Tirana. Photograph: AP

UK fears Bosnia withdrawal

The Secretary of State for Defence, George Robertson, met the commander of the Nato-led Stabilisation Force (S-FoR) in Bosnia yesterday among signs of disagreement between Britain and the US about the feasibility of withdrawing the force on schedule by July next year, writes Christopher Bellamy. Mr Robertson's visit coincided with growing frustration about the attitude of the local Bosnian Muslim, Croat and Serb factions which have failed to reunite the country as the Dayton peace treaty demanded.

Mr Robertson met US General William Crouch, S-FoR's commander, in Sarajevo, to discuss efforts to build a lasting peace. The Foreign Secretary, Robin Cook, warned on Monday that the failure of the local parties to fulfil the Dayton accord may mean the Nato-led presence has to be extended beyond July 1998 to prevent a return to civil war. US officials have insisted the deadline cannot be moved. Mr Robertson met Bosnian Serb President Biljana Plavsic at Banja Luka and saw members of the Bosnian "collective presidency" - Muslim, Croat and Serb - in Sarajevo.

own admission now powerless, the force has effectively lost what little role it ever had.

Yesterday, the Italian Defence Minister, Benjamin Andreatta, acknowledged that the next few hours would be crucial. The Greek Defence Minister, Akis Tobatzopoulos, warned that the force might be forced

to withdraw if an agreement on the elections could not be found. The international community looks uncertain, however, what to do next except keep trying for dialogue between the parties.

President Berisha was in no mood for conciliation, choosing instead to make a provocative

trip to the southern town of Fier, one of the most violent centres of revolt against his rule, to boast that the Democratic Party was going to win 75 per cent of the vote on 29 June.

Since the president is without doubt the most hated man in Albania, his words could only be interpreted as a threat that the Democratic Party intended to hold on to absolute power by whatever means it took.

There are signs that the relative calm that Albania has enjoyed since Mr Fino's government was sworn in in March is beginning to break. Gangland shootings and random violence are on the increase, while in the capital, Tirana, the presidential guard has imposed a climate of fear by firing its weapons every night at the start of curfew - thus triggering an inevitable response from the city's gun-crazy teenagers and keeping the city hospitals busy with a stream of gunshot wounds.

Canadian polls show separatist vote plunging

Hugh Winsor
Ottawa

Support for the Bloc Québécois, the Quebec separatist party that runs for seats in the national parliament, is falling so fast that the head of the Quebec provincial government, Premier Lucien Bouchard, has been forced to step back into federal politics in an attempt to rescue it.

What had been a plodding campaign leading to a vote on 2 June has suddenly caught fire following televised leaders' debates in English and French and the release of several polls which suggest that a fundamental realignment is under way in Quebec.

The surprise beneficiary is Conservative Party Leader Jean Charest, who has laboured for the past three-and-a-half years in the House of Commons with one other Member of Parliament in his caucus, too few to be recognized as an official party.

After a commanding performance in television debates and a series of stumbles by Bloc Québécois leader Gilles Duceppe, it appears that many who want Quebec to have a more independent status with-

in Canada have decided that Mr Charest best represents their aspirations.

This group, which had supported the Conservatives in the past, voted massively in the 1993 election for the Bloc Québécois because they wanted a bargaining chip to extract a distinct status for Quebec within the federation.

Until midway through the current election campaign, it appeared the Bloc Québécois was about to pull off a repeat of the 1993 results in Quebec, despite the lacklustre performance of Mr Duceppe. But when weekend polls showed support for the Bloc Québécois to be in free fall, the Quebec premier decided to become involved.

As he said in his first public appearance on Monday evening, he needs a strong Bloc in Ottawa to keep the federal government of Prime Minister Jean Chrétien off balance.

A dramatic reversal for the Bloc would make it seem that the Quebec sovereignty movement was losing momentum and that could have implications for the next referendum on independence, which Mr Bouchard is planning to hold next year.

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Relief over new chief justice

Stephen Vines
Hong Kong

The legal community in Hong Kong has breathed a collective sigh of relief with yesterday's announcement that Andrew Li, a 48-year-old barrister, is to become the first Chief Justice of the Court of Final Appeal following the end of British rule.

It was widely believed that Mr Li's main rival for the post was the High Court judge, Benjamin Liu, who had strong backing from pro-Peking political figures but little support in the legal community.

The appointment, based on



Hong Kong handover

a recommendation by the independent judicial commission, came with the unanimous vote of its members who considered 140 possible candidates before opting for Mr Li.

Andrew Li is a member of Governor Chris Patten's Executive Council, or cabinet, which could have been counted as a negative point by members of

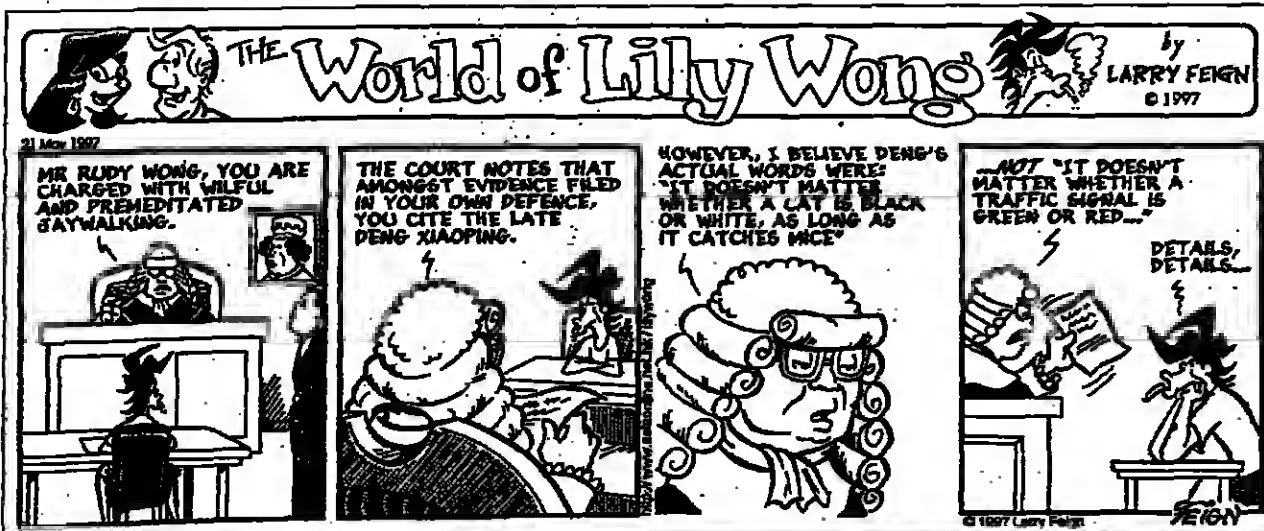
the incoming administration who are keen to distance themselves from the outgoing regime. However, Tung Chee-hwa, the leader of the incoming government, has shown a desire for continuity by announcing that all heads of civil service departments will keep their jobs.

Mr Tung described Mr Li as "an outstanding lawyer with exceptional personal qualities". Members of the outgoing administration, including the Governor, also rushed to praise him. Margaret Ng, who represents the legal community in the legislature, said that if the ap-

pointment had gone "another way" it would have led to "worrying developments".

She described Mr Li as "a conservative but, at the same time, I think he is a mild reformer". Anthony Chow, the new president of the Law Society, believed that he would "bring stability" to the legal system.

The continuation of the rule of law and independence of the judiciary are widely seen as benchmarks for the preservation of Hong Kong's way of life under the new order. Mr Li's new job will be pivotal in securing this objective.



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'We have set out along the new road to Africa's dream of her renaissance'

Mandela heralds the dawning of a new age for troubled continent

Mary Braid
Kinshasa

The day after Laurent Kabila declared himself President of the Democratic Republic of Congo, Africa's great hero, President Nelson Mandela, announced another dawning: the coming of the new African age.

An African renaissance, he told Zimbabwean politicians on Monday, was at hand. Patriotism demanded that African leaders strive to find African solutions to the woes that crowd what many regard as the world's basket-case continent.

"Thus we have striven to the best

of our ability to make a contribution in finding a truly African solution to the problems of Zaire and the Great Lakes region," he said.

The South African president, who presided over recent peace talks between Mr Kabila and the now ousted dictator Mobutu Sese Seko, was developing a theme. A few months ago, Mr Mandela's deputy, Thabo Mbeki, held an audience of American businessmen spellbound with the same lyrical idea: the death of a victim continent and the rise of an Africa which would eventually stand on its own two feet.

In Africa it is easy to understand that the notions appeals. Thirty years after independence from European colonial rule, the continent still languishes at the bottom of the economic heap, its recent history dominated by war, political despots and famine.

Abroad, the idea is warmly received by pragmatic politicians who envisage an end to expensive interventionist policies. It also assuages the guilt that comes from knowing the colonial powers' vicious carving of Africa lies at the root of the continent's current problems; particularly when the world's greatest living statesman argues it is time for Africa to stop blaming the colonialists and "take full responsibility for her woes".

If the renaissance forecast by South Africa is a political vision for the continent, who can quibble? Left by its former white rulers with a severe inferiority complex, a vision of what might be is essential.

But it is debatable whether a new wind of change is beginning to blow across Africa. It is even more arguable whether events in the former Zaire last weekend were really an example of African solutions at work.

Exactly how much influence South African diplomacy had in the creation of the relatively "soft landing" waiting for Kabila's rebel forces in Kinshasa is not yet known. We will have to wait for Mr Kabila's memoirs.



Hero's welcome: Zaireans fly the flag of Kabila's alliance in Kinshasa yesterday, in anticipation of the president's arrival. Photograph: AP

Kabila arrives in Kinshasa

Kinshasa (Reuters) — Laurent Kabila landed in Kinshasa yesterday, four days after his rebel army swept Zaire's president Mobutu Sese Seko from power and Mr Kabila proclaimed himself president of the renamed Democratic Republic of Congo.

Mr Kabila flew into Kinshasa's Ndjili international airport in darkness, after crossing the vast country he now controls. He was met by officials of his Alliance of Democratic Forces for the Liberation of Congo (AFDL) who flew in earlier from the provisional rebel capital of Lubumbashi, near the border with Zambia.

Officials expect Mr Kabila to address the nation of 47 million later this week. The victorious rebel alliance had promised to establish a transitional government by yesterday, but there was no indication as of early evening that an administration team was about to be announced.

State radio, renamed Voice of Congo, said members of Mr Kabila's alliance were "in consultation with political personalities notably Etienne Tshisekedi", the most prominent opposition leader under the toppled regime of president Mobutu Sese Seko. One newspaper, *Le Potentiel*, predicted that Mr Kabila would make Mr Tshisekedi his prime minister for the transition to a new constitution and, ultimately, full-scale elections.

The alliance finance adviser, Mawampanga Mwana Nanga, said it would stick to its promise to hold elections within one year, but that Mr Mobutu's supporters would be excluded from a transitional government.

■ Lomé — Mr Mobutu prolonged his stay in Togo on health grounds yesterday after his flight into exile left him "very, very weak", a source close to the government said. The source close to the Togolese government said Morocco or France were likely later destinations.

Renaissance man



Complex problems spanning decades will not lend themselves to easy solutions. But the time has come for Africa to take full responsibility for her woes... We are convinced that our region and our continent have set out along the new road to realise Africa's dream of her renaissance.

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Nelson Mandela

But Mr Mobutu finally relinquished power not because President Mandela and Mr Mbeki sat on a boat all weekend trying to bring him and rebel leader Laurent Kabila together — but because Mr Kabila's rebels forced him to do so.

Mr Kabila has taken power through the barrel of a gun; just as his mentor Yoweri Museveni did in Uganda, and his ally, defence minister Paul Kagame, did in Rwanda.

Right up to the end, long after the international community cut him loose, French pragmatic supporters of Mr Mobutu, were insisting he had to be persuaded from power. "Your Anglo-Saxon democracy will fail," warned a French diplomatic source, forecasting blood on the streets of Kinshasa, just before Mr Mobutu fled. "Mobutu needs to be massaged

and wooed like a woman."

According to Ghanaian academic George Ayittey, author of *Africa Betrayed*, there was nothing renaissance-like, or uplifting, about the forces bringing change in Zaire. The downfall of a dictator by military means, he said, sent out the wrong signals. But was there any other way?

The proof of a renaissance will rest not so much in the way power was transferred, as in what Mr Kabila now does. How successfully Congo-Zaire's economy is reformed and the influence other African leaders have on Mr Kabila's thinking.

Those who do see signs of change in Africa point not just to post-apartheid South Africa and the new post-war peace in its neighbouring countries, but to a new post-independence generation of leaders in

central and east Africa. Led by Uganda's President Museveni, Eritrea, Ethiopia, and Rwanda are ruled by governments characterised by strong and corruption-free administration and relative personal freedom. They managed to secure western loans and support while avoiding multi-party democracy.

If Mr Kabila is not in the Museveni mould and, as some forecast, another despot in the making, it will be a tremendous blow to the region and the continent as a whole. At the moment, no one knows. "He is absolutely unknown," said a western diplomat and as yet he "has no policies. His advisers are running round like headless chickens".

With so much to do in the bankrupt and ruined Congo-Zaire, Mr Kabila, like President Museveni, may

argue that democracy in the short-term will get in the way. But for Congo-Zaire's new ruler multi-party democracy may become a measure of success in the way it has not been for his mentor. "In Uganda's case, Museveni could argue that after Idi Amin, multi-party democracy would divide the country along tribal lines," said a Western diplomatic source.

That argument is not as strong in Congo-Zaire, where politics is less tribally defined and political understanding, particularly in Kinshasa, more sophisticated.

With Zaire in ruins, sceptics say President Mandela's renaissance may well be far too premature, the result of hopeless romanticism from a man still dazzled by the light of South Africa's own miracle.

Leading article, page 19

Even for Tom Ryan, President of the American Stock Exchange, some markets move much

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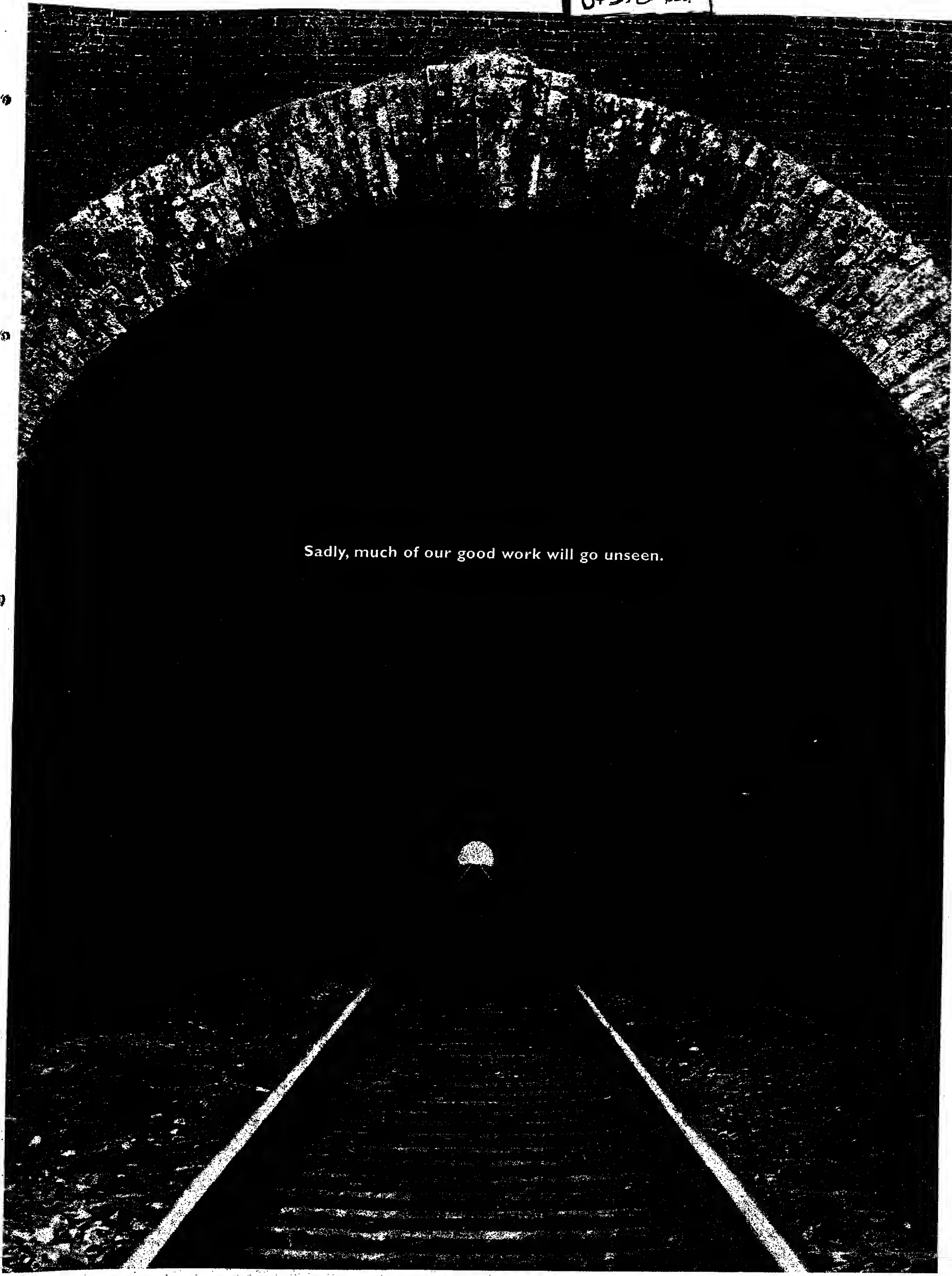
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Great Game is afoot again as rivals

America, Russia, Turkey and Iran are engaged in pipeline politics around the Caspian, where the British and Russian empires once locked horns, writes **Phil Reeves**

Somewhere on the milky blue horizon of the Caspian Sea, a barge is plying its way through the water. As it chugs along, a concrete-coated steel pipe slides out of its stern, like toothpaste from a tube, and sinks down on to the seabed.

It is laying a link that will carry the first gush of Azerbaijan's huge off-shore oil deposits from a platform to Baku, on the Caspian's western shore. It is a delicate business, which involves negotiating a path around underwater volcanoes, cliffs and yawning chasms.

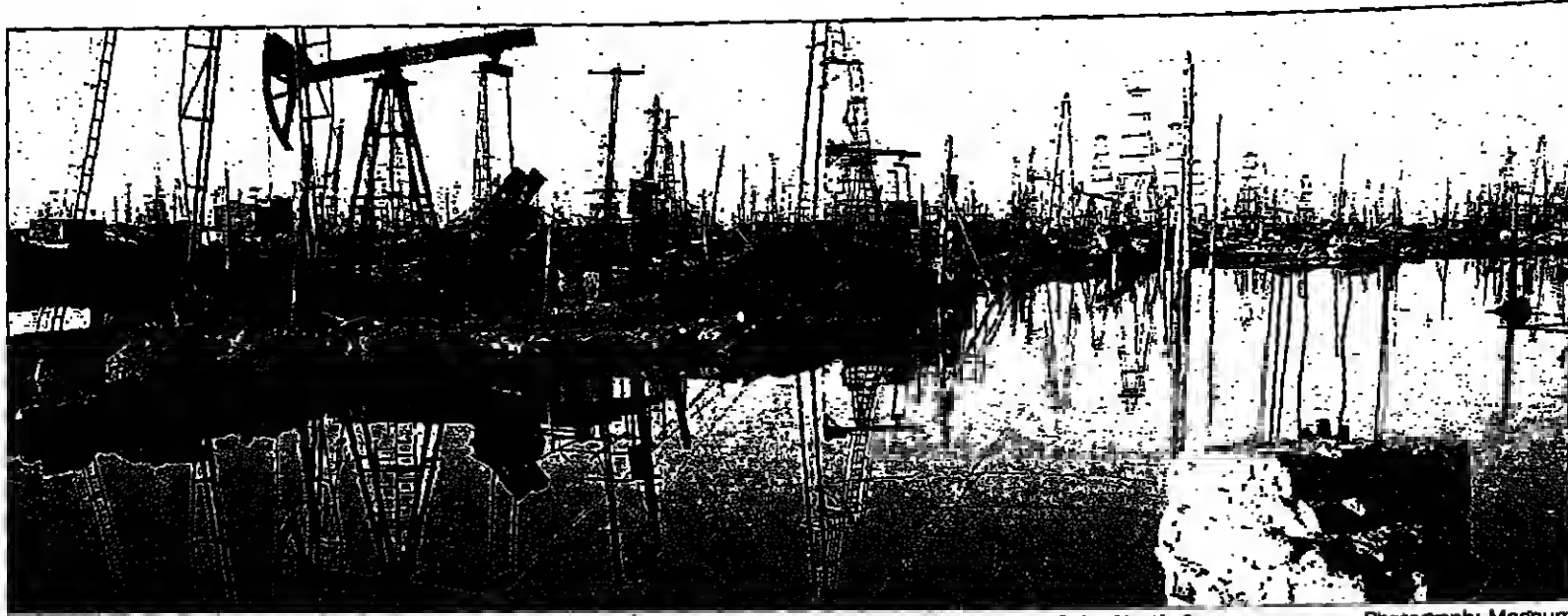
But that task is dwarfed by larger issues: the barge is also picking its way along the political equivalent of the San Andreas fault, a crack in the geopolitical crust that once separated the Ottoman, Persian and Russian empires, and now divides their modern equivalents, whose appetites are whetted anew by the whiff of oil.

No one knows how much oil lies in the Caspian basin. A recent US State Department report said there may be 178 billion barrels, more than Kuwait's 100 billion barrels. Oil executives believe that to be an exaggeration, yet few dispute that the sea conceals deposits likely to be two or three times the North Sea's. The problem is not so much getting it to the surface, although there are squabbles about how to divide up the Caspian territorially among the five nations that circle its shores. The real issue is how to get oil to market from a land-locked sea overshad-

owed by the planet's bully-boys, and across a mountainous region fraught by ethnic strife, banditry, and small wars.

There has already been turmoil since the scale of the Caspian's riches – the treasure Hitler sought when he invaded the Soviet Union in 1941 – began to emerge. One reason Russia sent the tanks into Chechnya in 1994, beginning a conflagration that cost 80,000 lives, was to control a pipeline that ran across Chechen turf.

Yet, undeterred, the former Soviet republic of Azerbaijan is forging ahead with extracting its share of the spoils at breakneck speed. "Five years ago I was sitting in a little office in the centre of Baku's old city, thinking what the hell would I do next," said Terry Adams, a Welshman with BP. "Now look where we are." We are sitting in his headquarters, a former Communist palace of culture decked with original oil paintings. Mr Adams is head of the Azerbaijan International Operating Company (AIOC), the leading player in a group of five consortia given oil concessions by Azerbaijan. He shows visitors a map of southern England with a long streak drawn diagonally across it, stretching from the M25's north-western edge at High Wycombe to its south-eastern rim, near Rochester. That, he explains, is the size of his field, an estimated 4 billion barrels which will be pumped out over the next 30 years. "It may be bigger," he adds. "It would be surprising if it didn't



Black gold: An oilfield in Azerbaijan, a key player in the Caspian basin, where reserves rival those of the North Sea

Photograph: Magnum

grow." The pipe-laying barge now crossing the Caspian is laying a link for his platform, the Chirag 1, which he hopes will have its first oil by August.

No one is more keenly aware

than he of the historical and geopolitical significance of the events now under way, a contest often compared with the Great Game, the 19th-century struggle waged over India be-

tween the British Empire and Russia. "We are seeing a really changing geopolitical balance in the region," he remarks cautiously.

Critical to the future of his

BP-led consortium, which is 40 per cent American, is the policy of Azerbaijan's president, Haidar Aliyev, a veteran of the Soviet KGB and Politburo. A close colleague of Brezhnev's,

the 73-year-old president has played an artful hand, keeping predatory powers at bay by sharing out the riches and punishing troublemakers.

Any external attempt to in-

terfere with Azerbaijan is likely to meet with opposition from 11 countries whose oil interests have a stake in the five consortia. Iran and Britain have holdings in two of them; Russia and the US have a cut in three. "Aliyev has created a situation where the West and others have been brought in on a commercial basis to form a pretty consolidated geopolitical group, which is highly motivated by commercial and self-interests," said one Baku source.

"Just look, he's got London, Washington, Paris, Brussels, Bonn, Moscow, Tbilisi, Tehran, Istanbul, and Tokyo."

For now, the mighty forces bearing down on Azerbaijan's new wealth appear to be playing along in the mutual pursuit of profit. But the potential for trouble still exists, not least because the routes by which Azerbaijan's oil will get to the international market have yet to be settled.

It is already agreed that the first – or "early" – Azeri oil will flow along two routes, which will operate indefinitely. One is

Alliance rifts leave Taliban Afghanistan's likely victors

By Fergusson

A calamitous split in the alliance ranged against the Taliban has opened the way for a fresh offensive by the Afghan fundamentalists.

No military victory could have been as valuable to them as the rift in the ranks of General Rashid Dostum, who has resisted the northwards advance of the Taliban since the autumn.

The defection to their side of General Abdul Malik, the Alliance's *de facto* Foreign Affairs minister, means that, at a single stroke, General Dostum has lost control of the areas to the west of his capital, Mazar-i-Sharif. This leaves his troops on the far western front hopelessly isolated; their defeat, which according to some reports is already a fact, would allow the Tal-

iban to begin the final advance on Mazar, the key to the remaining third of the country not yet under their control.

Unlike the eastern front, the terrain the Taliban must cross is almost perfectly flat and an easy prospect for any mechanised army. They are already scenting victory. In a statement from Kandahar, the Taliban headquarters, Mullah Mohammed, the movement's reclusive leader, said that anyone surrendering voluntarily would be spared by the regime.

But he said: "Those forced to surrender by the Taliban will face Islamic courts." No one in Mazar has forgotten what this meant for Mohammed Najibullah, the former Afghan president. On the fall of Kabul last September, the Taliban strung him up from a lamppost.

The routing of General Dostum has implications for the whole of central Asia. Mazar's population is already swollen to many times its normal size by refugees from all over the country – some of them covert Taliban sympathisers, although many are not. The arrival of the fundamentalists, Western aid workers fear, could drive hundreds of thousands of refugees north across the borders of the central Asian republics.

The great worry is that sectarian warfare could spread, Tajikistan, which is only now emerging from a five-year civil war of its own, is seen as being particularly vulnerable.

General Dostum isn't finished yet, however. Mazar is still calm; he possesses a considerable number of tanks and fighters, and has been kept well supplied over the winter months by Russia, Iran and Uzbekistan, all of which are anxious to prevent Taliban's success.

General Dostum's current whereabouts are unknown. But if he can establish a second Western front, he may be able to survive. Much depends on the loyalty of his main ally in the east, the ethnic Tajik leader, Ahmed Shah Masoud, although last night there were unconfirmed reports of fighting in towns even to the east of Mazar.

Speculation as to what motivated General Malik, would-be architect of General Dostum's doom, is rife. Although his father, like General Dostum, is an Uzbek, his mother is a Pashtun, the same ethnic minority as the Taliban. General Malik initially said his defection was for the sake of "national unity" and accused General Dostum of being a "bad muslim" and the main obstacle to peace; but such sentiments are suspiciously close to the official Taliban line to be given much credence.

He may simply have been bought – this has been one of the Taliban's most successful tactics in their 18 months advance across the country. Last year, one commander (who remains loyal to Dostum) was offered \$11m (£7m) to capitulate.

Still another theory is that General Malik is fighting a blood feud in the classic Afghan style. His family used to be headed by his brother, Rasool Palhawn, who rose to prominence as General Dostum's deputy. Last June, Mr Rasool was mysteriously assassinated by his bodyguard – on the orders, some say, of General Dostum himself. Mr Rasool was, some say, simply getting too big for his boots. If the story is true, then General Malik has wreaked ample revenge.



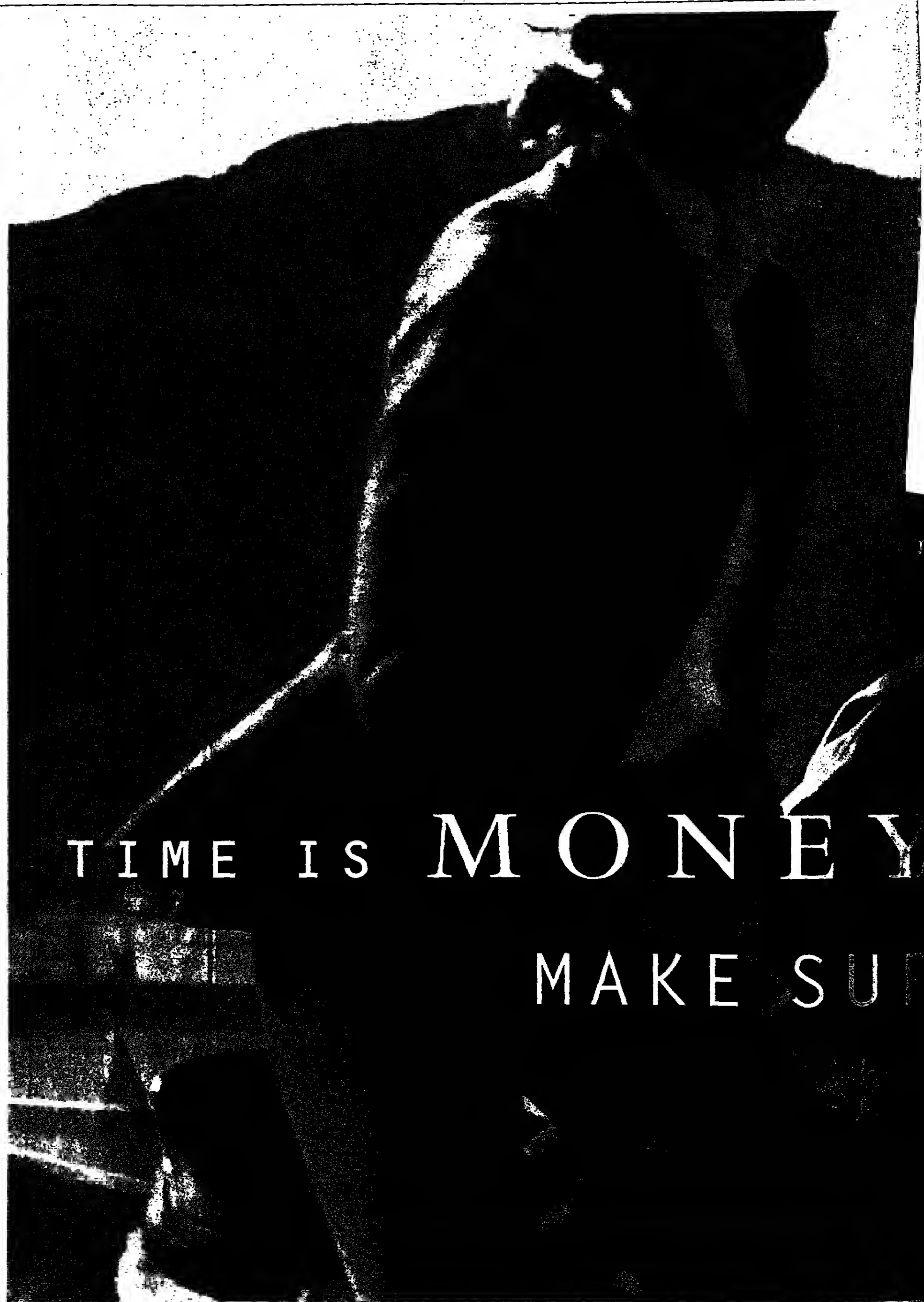
General Dostum: Accused of being an obstacle to peace

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through a Soviet-era pipe system which runs 850 miles north-west across Chechnya and on through southern Russia to the Black Sea port of Novorossiysk. The Russians have pledged that the pipeline will be ready by October, even though the Chechen section is full of leaks.

The second runs 550 miles west across Georgia to a terminal to be built near Supsa. This is not expected to be ready until the end of next year.

At stake is a much larger issue – the path of the main export pipeline that will eventually be built to carry a large share of the Azeri oil, 500,000 barrels a day, to the market place in some eight years.

Next month the AIOC will present Mr Aliyev with a feasibility study outlining three main options. Up to two years of research and costing will follow, in which all the arguments about funding, pipeline security, and politics will be aired. The ultimate decision rests with President Aliyev, but he will be under pressure from all sides. One of the report's options



Toll of war: Nagorno-Karabakh is one of the regional conflicts. Photograph: Rex Features

is a pipeline running west through Georgia and south to the Turkish Mediterranean port of Ceyhan. It has strong US support, because it would keep the oil out of Moscow's reach. The

Russians favour a second option: a pipe along the same path as their existing Novorossiysk route. "There's a Russian saying," said Filaret Aliyev, general director of Lukoil in Baku.

"Where there is one path, another will follow." A third option, the shortest and cheapest, is another pipe to Supsa. But Georgia, though leaning Westwards, has Russian troops on its

soil. The route also runs close to the border with Armenia, with which Azerbaijan is still locked in conflict over Nagorno-Karabakh. Western and Turkish pressure for a pipeline to Ceyhan – perhaps a spur, running south from Georgia – seems likely to prevail. Politics, not economics, seems certain to be the decisive factor: the Ceyhan route is by far the longest, some 1,040 miles, and runs across difficult terrain. It is therefore also the most costly.

As they jockey for position, all the region's players have resorted to using their elbows. President Bill Clinton has been cosying up to Mr Aliyev, chatting with him by phone, and inviting him to visit to Washington. Turkey is trying to tilt the balance in its way by complaining of the environmental perils of sending more oil tankers from the Black Sea ports through the Bosphorus. Azerbaijan believes Iran is muddying the waters by funding new mosques in the countryside in a bid to spread Islamic fundamentalism. Despite a three-year ceasefire,

there has been a flurry of fighting along the Azerbaijan-Armenian border, which runs close to the Georgian route.

The murkiest role of all has been played by Russia. Moscow's strategy has been contradictory. The Russian oil company Lukoil appears willing to work in harness with Azerbaijan and other foreign oil companies in the hope that co-operation will lead to profits all round. Moreover, the newly energised Yeltsin government is showing signs of supporting that view.

Yet championing at the bit is an uncompromising and aggressive element that has yet to come to terms with Russia's loss of imperial status, clings to the notion that Moscow can dictate policy in the Caucasus and beyond, and is particularly sickened by the spectacle of an ascendant Azerbaijan, enriched by oil that the Soviet Union failed to exploit.

"In Russia, there are some very powerful circles strongly connected to the arms lobby, whose ideology is that Russian



geopolitical interests dictate the expulsion of the Western economic presence in the Caspian and the Caucasus," said Yafa Goulizade, adviser to Mr Aliyev. Azerbaijan is willing to work with Moscow, he said, so long as Russia stops making mischief. "We want to co-operate with them, but with full respect to our independence and sovereignty ... they must understand that they will never again be a totalitarian superpower." Will Russia be able to resist it? Moscow's past performance is scarcely promising.

It is strongly suspected of having a hand in two failed coups against Mr Aliyev, and of masterminding the 1995 assassination attempt against his ally in neighbouring Georgia, Eduard Shevardnadze. Azerbaijan's security services accuse Russia of training Armenian troops in southern Russia; there are reports of non-Russian ships being harassed in the Black Sea,

apparently as part of a strategy to undermine the argument for a pipeline through Georgia.

At the top of Moscow's rap sheet is a piece of skulduggery that it now admits – the gift of \$1bn of arms to Baku's enemies in Armenia in a breathtakingly cynical attempt to prolong divisions in the southern Caucasus. The government has handed the file over to the prosecutor, after characterising the weapons transfer, in 1994-96, as the act of renegade military officers, notably the disgraced former defence minister Pavel Grachev. Yet suspicions abound in Baku that it was official policy, which has since been abandoned. At the moment, as the pipe-laying barge glides across the Caspian, peace prevails. How long that will last is anyone's guess.

With so much at stake, from money to history itself, the Great Game seems certain to go into extra time.



Cyclone kills hundreds in coastal areas of Bangladesh

Anis Ahmed
Reuters

Dhaka — Hundreds of people were reported dead yesterday in a cyclone that battered coastal areas of Bangladesh and triggered a nationwide disaster alert.

The Bangladeshi Prime Minister, Sheikh Hasina, said while on a visit to the affected areas: "We are not appealing for international help but of course will welcome [it] if anyone offers to assist."

This low-lying nation, already on a virtual flood "war footing", launched a massive rescue and relief operation in areas devastated by high winds and tidal seas on Monday.

Many stricken villages remained isolated, so official figures were incomplete, with the early confirmed death toll put at 95. But local newspapers said the cyclone, roaring in from the Bay of Bengal, had killed hundreds and damaged crops near harvest time.

The government-run Bangladesh Times said up to 500 people were feared dead. Other newspapers, quoting their own sources, put the death toll at more than 350, with more than 2,000 people injured in Chittagong alone.

Some 250 others had been killed in Cox's Bazar, one of the areas worst hit by the cyclone, the newspapers said.

About 100 fishermen from the coastal district of Patuakhali were missing at sea, newspaper reporters in Chittagong said. The known death toll so far was 95, government officials said: 50 in the city of Chittagong and a total of 45 at Bashkhal, Maheshkhal and Cox's Bazar.

The official figure for injuries rose to "thousands", the Cyclone Preparedness Centre in Chittagong stated. Earlier, it had claimed that more than 100 were injured. Army, naval and police units joined thousands of volunteers fanning out across coastal regions in south-east Bangladesh. The cyclone ravaged Chittagong, the Cox's Bazar and Tenak districts and several islands on Monday with 124mph winds.

The Prime Minister said she was happy over the way her government had handled the crisis. "The death toll has been fewer than feared. Rescue and relief operations are continuing smoothly," Ms Hasina said. She earlier assured her coun-

trymen and women that there would be no dearth of help in the wake of the disaster.

Foreign aid agencies, including Care International and Oxfam, said they had yet to receive full reports from places battered by the cyclone, which tapered off by midnight on Monday. "Most of the disaster-hit areas have not been accessed yet. It's very difficult to get a clear picture immediately," one official said.

Disaster management officials said the death toll was "much lower than feared" because the cyclone struck the coastline during low tide. "Otherwise the tidal surge could be much higher and might have swept over many low-lying islands," one official said.

Bangladesh's worst recorded cyclone, in 1991, killed at least 138,000 people and left millions homeless.

A navy vessel with relief supplies was sailing to Saint Martin's island, which was inundated by a six-foot tidal surge. Army helicopters were dropping supplies elsewhere.

Officials in Chittagong said power cuts since Monday had

"The disaster areas have not been assessed. It is difficult to get a clear picture"

forced hundreds of water pumps to stop working, causing a severe shortage of drinking water.

They said nearly 400,000 houses had been damaged and 15,000 cattle killed. More than 1.5 million people were made homeless or affected otherwise, officials said on Tuesday.

Chittagong harbour had suffered substantial damage, port officials said without giving details. The Panamanian-flagged ship *Esco Argo*, which sent an SOS message during the cyclone saying it was sinking in the Bay of Bengal, was safe, the ship's local agents, Progoti Shipping Limited, said. "We feel the SOS was issued in advance amid an unpredictable situation," the agents added.

Agriculture officials said there had been some damage to rice crops but shrimp cultivation was more seriously affected.

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Kate O'Hanlon, Barrister

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An Africa reborn as another dictatorship dies

Renaissance is not a word that we have come to associate with the African continent in recent years. Bloodshed and catastrophe, more often. Three decades after the end of the colonial era, the legacy has seemed bitter and poisoned.

After the great wave of independence, one-party socialist regimes promised a utopia which never arrived in much of the continent, while capitalist-friedly dictators ruled and plundered the rest. The Cold War was fought by proxy between the allies of Washington and Moscow — sometimes just with money, sometimes with guns. The continent was marked by famine, corruption, and chaos. In the past three years, there has been bloodshed on an unimaginable scale, where the world looked on in apparent helplessness. Nigeria, Sudan, Angola, Rwanda, Burundi, Sierra Leone, Liberia, Mozambique ... all have been scarred by civil war, and the misery of millions that it causes.

Not, then, a time for much optimism about the continent. And yet, President Nelson Mandela chose this week to speak of an African renaissance. He was, he said, "convinced that our region and our continent have set out along the new road of lasting peace, democracy, social and economic development".

Dream on, many might say — with some considerable justice. But it would be dangerous to dismiss this as the mere wishful thinking of an old man.

Mr Mandela, perhaps more than anybody else, has the moral right to be at odds with conventional wisdom about his continent. Only a few years ago, after all, Tony Blair's predecessor — but one in Downing Street — argued that anybody who believed that the ANC would soon become the government of South Africa was "living in cloud-cuckoo-land".

One apparent boost for Mr Mandela's optimism was the collapse of the Mobutu regime in Zaire. Yet this was far from a Wenceslas Square-style velvet revolution: nor was it the almost equally velvet revolution that brought about the final downfall of the apartheid regime, and brought Mr Mandela to power. Mr Kabila's victory was a victory with guns — and, in that sense, a bad setter of precedents. Mr Kabila himself has yet to prove his democratic credentials. The chances of his turning out to be a gentle and tolerant president à la Mandela do not look good, at least on past form.

So Mr Mandela's optimism must be hedged round, again and again. As he himself acknowledged: "It is given that complex problems spanning decades will not lend themselves to easy solutions." But he also insisted: "The time has come for Africa to take full responsibility for her woes, use the immense collective wisdom it possesses to make a reality of the ideal of the African renaissance whose time has come."

In helping to bring an almost-peaceful end to the conflict in Zaire, nudging

the dictator Mobutu towards the exit door, Mr Mandela has played the statesmanlike role to which we have become accustomed. He was the host for final talks between Mr Kabila and the dictator himself. Despite South Africa's hope that it would be perceived as the peace-maker of the continent, South Africa's real contribution to peace in Zaire has been only modest.

Elsewhere, where South Africa has sought to intervene — for example, in criticising the Nigerian government and pressing for Commonwealth sanctions, after the execution of Ken Saro-Wiwa in 1995 — it has quickly retreated when

other countries have become worried at the perceived lack of solidarity. With leaders like Daniel arap Moi still in power in Kenya, where the opposition is constantly harassed, there is little obvious reason to feel that the virus of democracy is irresistible. Tribal conflicts are still ever-present. There is grinding poverty across the continent.

Mr Mandela lays the long-term blame for Africa's problems fair and square on the Western colonial powers, "the forces historically responsible for her woes". But he also insists that Africa is now in a position to refuse to be "a passive onlooker in a changing world". The

circle, in other words, may be less vicious than it once was.

Nor is that necessarily a Panglossian view. The virulence of some of the conflicts of the past few years is worse than depressing. But that may partly reflect the fact that tumultuous changes have happened, many of which are undoubtedly for the better. Western countries have come to accept that they helped to create many of the problems. Equally, the arguments have moved well beyond the point where the white colonial powers can still be blamed for every dot and comma of what goes wrong.

The collapse of the apartheid regime was the most obviously heartwarming event in the region in recent years. The exit of Mobutu, destination unknown, is another reason to rejoice. One of the least predictable knock-on effects of the revolutions in Eastern Europe in 1989 was the collapse of a number of one-party regimes in Africa, after popular protests. Despite the messiness, that legacy remains important. For these are not just political matters. Mobutu's presence hampered Zaire's economic, as much as its political, potential.

There was, perhaps, an irony that Mr Mandela's speech was delivered to the parliament in Zimbabwe, whose own leader, Robert Mugabe, is not best known for embodying democratic principles in all his activities. But Mr Mandela knows that economics and politics go hand in hand. Speaking in a voice that

could easily be New Labour, he spoke of reducing budget deficits and building a competitive economy in the same breath as speaking of political change. In politics, bringing people to believe that something can be achieved is one of the first stages in finding a path over apparently insurmountable barriers. If there is even the smallest possibility that Mr Mandela may prod his fellow leaders around Africa into raising their aspirations, and cleaning up their acts, he should be heard, and applauded.

Parliament's sudden virtues

Curious, isn't it? No sooner are their posteriors on the Opposition benches, than ex-ministers discover the virtues of Parliamentary government. Yesterday we heard vociferous complaint from Tories who never so much as cheeped during 18 years of their own party's supremacy. Gordon Brown was criticised for not appending a signature to Treasury pro forma replies and the Prime Minister accused of discourtesy for reorganising Question Time. We need to be on hypocrisy watch on both fronts. But Labour is unlikely to resist the temptations of its majority. It will be then that backbench MPs should come into their own.

LETTERS TO THE EDITOR

Brutal plans for energy conservation

Sir: Matthew Taylor (article, 19 May) wrote of Labour's commitment to the environment. "Tough action is needed." It certainly is.

In 1979 those of us serving on the Government's Advisory Council for Energy Conservation (ACEC) soon learnt about political correctness and party dogma from the incoming administration. We were told to stop using the term, "energy conservation" and to speak of "energy efficiency". That soon became, "cost-effective energy efficiency" and, of course, even ACEC itself was soon sent packing.

This had much to do with the intention to privatise the fuel suppliers. How could the proceeds from the sales be maximised if markets were to be curtailed by "energy conservation" — selling less product?

Eighteen years on, the UK languishes at the bottom of the world league even in "energy efficiency", let alone in "conservation". British Gas's much-vaunted £15m-a-year spend on energy conservation quietly disappeared once the company had left the family silver cabinet. The electricity industry has its paltry £1-per-customer-per-year SOP scheme and even most of the non-fossil fuel levy has been diverted into the technological triumphalism of nuclear power.

A few years ago I heard Frank Dobson saying at a conference that the fuel suppliers had to realise that environmental protection would only be achieved if they were made to sell less energy tomorrow than they did today. The same could apply to the water industry. Mr Dobson is the only politician I have heard putting the matter so succinctly and, for the fuel profiteers, so brutally. Mr Blair needs to take the ideal aboard — and quickly.

ROBERT JONES
Chelmsford, Essex

Sir: Marcus Rand's letter (15 May) made some very strong statements concerning the benefits of solar power. Statements which are dangerous to the credibility of the environmental lobby.

Your report (12 May), cited by Mr Rand, gave the cost of the new solar array as £80,000. With a lifespan of 25 years, that is £3,200 per annum. A large electricity bill indeed.

Irrespective of the economic issues, it is worth considering the environmental impact of mass-produced solar cells. Mass production means lower costs, lower lifespans to sustain a market, and hence a greater use of some fossil-derived chemical "nasties". Greenpeace has and does campaign against. What happens at the end of the cells' life? Landfill? Recycling? Further, photo-voltaic arrays require batteries. Batteries are not exactly eco-friendly.

Our over-reliance on a small number of energy sources is much to blame for our current problems. Becoming reliant on photo-voltaic cells will not eradicate environmental problems. It will just create new ones.

They do have a role to play in new large-scale building projects or the renovation of older large buildings, where the cost can be justified, but not the replacement of our existing fossil power supplies. The many technologies which need to be considered include bio-gas,



fuel cells, offshore wind turbines and the harnessing of novel energy sources such as landfill gas
CHARLES GULLON
Sheffield

Sir: A population policy for Britain has been debated a couple of times in the past, but quickly dropped. Now that the decline in our birds is official, global warming is official, and a water shortage is upon us, isn't it time to start this debate again? We are well above our carrying capacity, and it's showing.
JOSEPHINE HANSON
Optimum Population Trust
Tuf Alaw, Dyfed

Raise the price of alcopops

Sir: Your report (17 May) that the Home Secretary is seriously concerned about the sale of alcopops, and has ordered an inquiry into the subject. Exclusively targeting alcopops is fraught with problems and, in any case, is unlikely to be effective in reducing alcohol abuse in the young.

The drinks industry decided a couple of years ago to increase sales by making its products more widely palatable and by giving them gimmicky names. It does not seem reasonable now to ask the drinks industry to make its drinks less palatable. The distinction between a gimmicky name likely to appeal to the young and one only appealing to older people is extremely difficult. No further legislation or guidance is likely to be more than marginally helpful in this field and, indeed, the publicity that controversy over the marketing of alcopops has created

can only have increased their attractiveness in the young.

The Home Secretary should realise that the Chancellor of the Exchequer has far more influence over the abuse of alcohol than he has. The level of alcohol abuse (drunkenness, alcohol-related deaths, illness and crime) is closely related to the total level of consumption. The amount young people drink is a close reflection of the consumption of the total population, though the young, and especially young women, are increasing their consumption more rapidly than the rest of us. Alcohol consumption is highly price-sensitive, and is especially so in the young. Current health education approaches in this field have only very modest effects.

There is a need for other measures, including more effective education, tighter controls to prevent children buying alcohol for themselves and, especially, much better provision of leisure facilities, but fiscal policy is the single most effective way to deal with this problem. Raising taxes on alcohol generally, but more on alcohol mixed with soft drinks and less on low-alcohol drinks, would inevitably have an effect on the pattern of consumption in the young.

Some other European countries would not like a higher taxation approach, but this could be one of those areas in which the UK could give a lead.
Professor PHILIP GRAHAM
Chair
National Children's Bureau
London EC1

Society must learn to mourn

Sir: Andrew G Marshall's "perfect compromise" over the funeral of his partner has a lot to commend it ("in loving memory, with a rock backing", 19 May). As someone involved in the conducting of funerals I would be more than happy to find next-of-kin wanting to think over the recent as well as as thoroughly as he does.

He implies that Church of England funerals are not capable of being personal or relevant to the grief processes of next-of-kin. This is not so.

I strive (as I was taught) to produce a funeral service that helps people to grieve wholesomely. Among other things, this means giving thanks for the life of the person who has died. The service is indeed much more for those who live than for the one who has died (and sometimes we will have to ask whether the deceased's wishes get in the way).

Until we address the issues

underlying our cultural denial of death, perhaps we won't be able to mourn well. Don't blame the Church of England clergy for that denial; we are only too willing to help.
The Rev ANDREW BOWSHER
Bradford

Young live with fear of violence

Sir: As a teenager of 19 who was brought up in London, I believe that the focus of Trevor Phillips's article on youth violence ("Britain's youth: armed and dangerous", 17 May) was misleading.

In my experience, those young men who are most likely to carry knives and other weapons are not those who go to school. What percentage of those who come from a problem background regularly attend school or college? The real problem is violence in the streets, in pubs and clubs, and even in the local supermarket. I have been to clubs and witnessed stabbings. I have seen friends "bottled" in pubs and clubs simply for being in the wrong place at the wrong time. I have watched a cashier being threatened with a knife in Sainsbury's and I have seen the weapons that many people my age, and younger, carry with them.

An arms amnesty can remove thousands of weapons from the streets, but they are not difficult to replace. The most frightening aspect of this problem for me is not the fear of attack, it is the fact that so many people — journalists,

teachers, social workers and those in power — seem blind to the reality. Britain's youth is not dangerous, not evil; it is scared. I just hope that the new government will make an active effort to explore this problem.
KATIE MARTIN
London SW18

Policing the professions

Sir: The attack by Carol Davies (Letters, 14 May) on the Law Society's ineffectual system of handling complaints against solicitors is to be applauded. Her criticisms apply equally to all the other professional bodies that continue to use self-regulation to maintain professional standards.

In the accountancy profession self-regulation has failed to prevent the series of major scandals that has hit leading firms of auditors, some of which face massive negligence claims from the aggrieved creditors of failed client companies. My own experience of raising complaints against auditors with the Institute of Chartered Accountants has revealed a reluctance to discipline members, even when it is accepted that they have a case to answer.

Any profession worthy of the name should have the confidence to hand over regulatory and disciplinary matters to independent assessors. Labour's business manifesto proposed to create a framework of independent regulation for accountancy. This proposal should be extended to all the other professions.
NIGEL WILKINS
London SW7

Nurses who do wash their hands

Sir: Over the last three decades as a nurse I have seen the number of registered nurses decrease to the current 18,000 shortfall. Low morale and low pay are just part of the story, along with the increase in workload and the practice of employing more non-registered care staff on wards for whom the RGNs are fully accountable.

Now we are being blamed for the increase of MRSA and other hospital-acquired infections resulting from a survey of 19 hospitals in the UK and "studies" in the US ("Nurses' dirty hands put patients at risk", 16 May).

One wonders who was monitoring these "nurses" and why it took three years, and the introduction of infection control policies and memos circulating along with the bugs, before practical intervention to ensure good practice.

When the training of nurses took place on the wards instead of in colleges, the good principles of asepsis were passed on from trained nurse to student, backed up by the theory in the schools of nursing which dovetailed with ward or theatre experience. Theory and practice were equal partners and the experience gained was invaluable and lasted a lifetime.
E A BODEN RGN SCM
Churchdown, Gloucester

Sir: It is my experience as a senior staff nurse in intensive care that doctors and consultants need to be constantly reminded by nurses in wash hands and put on gloves and aprons. It is nursing staff who implement strict infection control practices.
ANGELA HAYES
London SW11

Interested but not sympathetic

Sir: The implication attached to your article (15 May) about Robin McAisley that I am a "sympathiser", either with her or with the IRA, is without foundation.

In March, in my capacity as shadow home affairs spokesman, I paid a visit to Holloway prison. In the course of that visit I talked to Ms McAisley and took an interest in her treatment, as I have done in the cases of other prisoners in recent years. Displaying an interest in the fair and equal treatment of prisoners does not imply sympathy with their particular case or with any cause to which they may or may not be attached — it is simply a matter of humanity and justice.
GEORGE HOWARTH
Parliamentary Under-Secretary
of State, Home Office
London SW1

Cockney, innit

Sir: Creole English in the playground innit? (report, 17 May). Not now. Fifty years ago my mother used to exclaim about the lingo of the young cockney women she worked with — with their "innit" and "axzed" and enough glottal stops to fill the Dickens of a novel. They would have learnt to talk like that at school in the early 1940s. Readers who are older than I can tell you how much further back in living memory this cockney patois goes.

Norwegian researchers are always welcome to delve into London's tribal dialects, but they want to ask them as knows more from way back when, innit.
ARTHUR POTTERSMAN
London NW3

essay



A true gentleman: Sean Brown (left) was abducted as he looked the gates of the football club where floral tributes (right) were later placed by grieving villagers

Photographs: Pacemaker/Peter Macdiarmid

The murder of Sean Brown has dumbfounded fellow villagers because he was a byword for non-sectarian generosity to all, writes Paul Vallely in Bellaghy, County Derry



Assassination of an innocent

"Why they might as well have shot you ... said Sam Overend in shocked bewilderment ... or me."

They had shot the man who lived next door and left his body by his burning car. It was yet another sectarian killing, the third in Northern Ireland in a week.

The murder of Sean Brown provoked slightly more than the usual perfunctory few paragraphs in the papers, merely because it had happened in the village where the poet Seamus Heaney had grown up, and the Nobel laureate had written to a local paper proclaiming that his death was shocking and sinister. "I have known two generations of the Brown family," he wrote. "They are people of great probity, much respected in the Bellaghy district."

They would not have shot Sam. For the 71-year-old is a Protestant. And when it comes to the twisted criteria by which Loyalist gunmen select their targets, one thing alone is requisite: that the victim must be a Catholic.

Making my way to the scene a week after the outrage, I found it hard to shake off a sense of the mundanity of the civil. I had been given directions to turn off by the T-Junction transport café and carry on past SDC Trainers. They

were directions the killers must have taken too. The hawthorn was in bloom and the hedgerows were enlivened with bursts of yellow gorse and tall white heads of cow parsley. Swallows swooped across the vibrant green fields. It seemed a world away from the burglars, muggers and rapists whose spectres haunt life in the inner city. No need to lock your car here, I was told when I arrived at the football clubhouse on the edge of the little village. Yet this was the place at which Sean Brown was abducted before his face and part of his head was blown away.

The grieving reminiscences of his friends and relatives seewash between past and present tenses, as if to search for a clue in the life of Sean Brown to unlock the mystery of his death. They talk of his birth 61 years ago in a labourer's bungalow, two miles outside the village where his father worked at the local clay factory. They look back to the boy who lifted potatoes for the local farmer in the spring, went to the Moss to cut turf in the summer and picked blackberries as the autumn approached to get the money to buy new shoes for school. It is a jumble of memories. His cousin Tom Scullion recalled playing football in bare feet with a rag ball. His brother Seamus, returned from 33 years in Australia,

remembered the plays Sean would write for his three brothers to perform in the barn on winter evenings by the light of an oil lamp. Later there were long teenage bike rides to distant dances in the company of Protestant friends. "It was before the Troubles and we were all just poor people together then," says one relative.

"We used to walk together to the village school," says Seamus. "He was always the one to stop fights, and stopped me going with the others to pinch apples from the orchard. He was the eldest, and had a sense of responsibility. He was determined to do well; he always did his homework straight away, where I always had to be called in from the fields. There weren't too many Catholics got into grammar school; Sean was bright enough but the family couldn't afford it. So he went to Magherafelt Technical College for two years. He was not good at woodwork - he almost took his fingers off with a plane; at metalwork he found a talent and decided he wanted to be an engineer."

But engineering was then a Protestant job so, at 16, Sean started work bottling milk in a dairy farm. Yet his ambition remained and for the next four years, after work, he went to night school, where he met his future wife, Bridie, and obtained sufficient qualifications to land a job in a firm which made destination indicators for buses, after which came a decade making ejector seats for aircraft before discovering his true vocation and spending the next 30 years teaching young engineering apprentices. "He was born to teach," recalls Albert McClelland, who taught welding alongside Sean for 18 years. "He just seemed to have a way with kids. One of his apprentices recently won the Northern Ireland Skills Competition. Sean was so proud he hugged him fit to break."

But the passion of Sean Brown's life was Bellaghy's Gaelic Athletic Association football club. And it was almost certainly that which brought about his violent end. "As a footballer he was a

good administrator," says his cousin Tom as cryptically as befits the local schoolmaster. "He was completely unco-ordinated, though he had great stamina and strength. But he became assistant treasurer as soon as he came of age. The place was £140,000 in debt when he took over and he got it in the black." He also raised the money to build a massive new clubhouse, large sports hall, new stand, and most recently had the entire pitch relaid.

Sean, a jovial character with a great laugh, was, as Tom put it with masterly Irish paradox, "a loud but quiet man": he had a big voice but a gentle personality. Taking over four years ago as chairman, he took it upon himself to be barman, quizmaster, toilet cleaner and commentator at the club's dog show. He also organised the club's Irish dancing and traditional music classes.

To his killers this was enough. The GAA club was a badge of nationalism. They were wrong, according to Sean Brown's other next-door-neighbour, Robin Smyth, who is also a Protestant. "Sean wouldn't have had it that way. To him it was just the centre of the local community." Protestants were invited to many events there, insists Sam Overend, who went along. "When we made a presentation in Seamus Heaney, when he got the Nobel Prize, Sean was very careful it should be a cross-community event," says the club's secretary, Seamus Boorman.

There was no doubt that Sean Brown located much of his identity in his Catholicism. "He was a great church person," says his workmate Albert, who is himself a Protestant. He was a reader in church, a collector for the parish development fund and a fund-raiser for the Catholic grammar school at Magherafelt. "But he never allowed religion to come between him and other people."

He created no boundaries between his church work and other voluntary work. He was also the local rep for a regional credit union. "He drew in lots of the younger lads who were keen on buying cars," recalls Tom Scullion. "He would advise them on saving and bor-

rowing strategies. He saw it as part of keeping them on the straight and narrow." He told Sam Overend that he believed one of the key purposes of encouraging Gaelic football was to keep "a lot of young fellows off the street - if they were playing football they weren't getting into any bother, be'd say". He often went beyond the call of his duties in trying to get jobs with local firms for his ex-pupils and, says Albert McClelland, "he made no distinction between Protestant and Catholic".

Seamus Heaney said the same thing more eloquently when he wrote that Sean Brown "represented something better than we have grown used to, something not quite covered by the word 'reconciliation', because that word has become a policy word - official and public".

Sean Brown was just an immensely generous man, his neighbours say, always making spare parts for people's cars, sharpening their shears and lawnmowers, visiting people who were sick and old folk whom others didn't bother with. "I don't know how he had time to fit it all in," says Seamus Boorman - not to mention the long walks he went on with his wife, and cycling which included 43-mile circuits of the local loch, and annually taking part in the eucalyptus bike marathon from Belfast to Dublin. "He was a fit man," says his cousin Tom. "They can't have found it easy to get him into that car."

He refers to Sean's assassins, who lay in wait on Monday evening last week as he locked the club gates after a committee meeting. He was an easy target. No one is quite sure what happened. An empty cartridge was found at the scene, along with signs of a scuffle. Yet no one in the village heard a shot. His body was found 10 miles away, near Randalstown, beside his burnt-out Sierra. He had been shot several times so that his eyes were blown out of his face.

"Nobody who knew Sean Brown could have done that to him," says Robin Smyth, fiercely hoping that if the deed was done by his co-religionists

they were people from far off. "I just wish," says Albert the welder, sitting sunken at his work-bench, "that I had had a phone call to say he had died of a heart attack."

The dead man's head was covered with a white cloth as he was laid out for the village to troop past the coffin. He wore his club tie and in his lapel was the badge which showed he had remained a Pioneer - true to a youthful pledge never to touch alcohol throughout his life. "He was never notorious," says Sam Overend. "As I came home unsteadily down the street on the odd occasion, Sean would just laugh. He ran the bar at the club and just drank fizzy orange himself. His philosophy was that everyone should be allowed to do his own thing."

At the funeral a wounded little poem, written by Robin Smyth's 12-year-old daughter, Fiona, was read. It conveyed the sense of bewilderment shared by the whole village. Adults express it differently, talking among themselves, repeatedly rehearsing the events of that fateful evening and making wild guesses at the motivation of the killers. Was his body taken to Randalstown to show that the murder was a tit-for-tat response to the IRA's murder of a policeman who was being buried in the town that day? Or was Bellaghy selected because it had been the scene of two press conferences by the area's MP, Sinn Féin leader Martin McGuinness, who ousted the extreme Protestant incumbent, the Rev Willie McCrea, who had earlier appeared on a public platform with one of the province's most notorious killers, Billy Wright?

It is fruitless speculation, says Tom Scullion, and in the end "there's more hurt than anger; people can't think past the hurt, the loss, the emptiness". At the club gates, withering bunches of flowers and candles burning in blue glass jars say the same thing. All the people of Bellaghy can now do is, in the words of one scribbled epitaph, "pay respects to a true gentleman, good, honest and decent, who will never be forgotten by his community".

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Danger, sport may damage your health

It happened to be in London yesterday, trying to find my way back to the country again, when I bumped into my old friend Adrian Wardour-Street, the doyen of British PR. I steered him into an adjacent coffee bar, sat him down with a large black coffee (or an espresso doppio as he will insist, no loudly calling it) and asked him how things were in the murky world of public relations.

"Don't hear much from Max Clifford these days," I said.

Adrian smiled to himself. "Dear old Max," he said. "It was the tone of voice that PR people use when they are about to put someone down."

"You don't approve of Max Clifford?" I said. "But I distinctly remember Max Clifford before the election saying that he was going to bring the Tory government down. And now they are down. Isn't that an achievement?"

"Max Clifford is a contradiction in terms," said Adrian, not answering the question directly, as is the wont of PR men. "He is a PR man who is better known

than most of his clients. Now, the PR man should always stay in the shadows and never be seen, but dear old Max has not always been totally able to resist the lure of the limelight and goes on TV and radio as often as you like. Max Clifford has, in a sense, become his own client. Unwise, Max."

"And how about you, oh man in the shadows?" Adrian looked round him and lowered his voice.

"Me? I've got the big news story of the week. Up and running. And never seen my name connected with it once."

"The Michael Howard story?" I said. "I didn't know you were connected with that?"

"That's not a story," said Adrian disgustedly. "That's a long-drawn-out obituary notice. I'm talking about the sports-and-smoking saga."

That made sense. Adrian was always likely to be seen where the smell of money was, and the news that smoking sponsorship was going to be banned from sporting events had sent waves of worry round the world of sport.

"I take it you are all in



Miles Kingston

favour of sponsorship being retained, and smoking logos being splashed all over the place?" I said.

"Good Lord, no," said Adrian. "I think it's an excellent idea if smoking and sport are separated."

"So you are acting for the sports people in this? You're on the side of health?"

"No, no. I am acting for the tobacco industry."

"Just a mo," I said. "If you are for smoking, then presumably you are also for a connection with sport?"

"Ah!" said Adrian. "That's all old hat now. Our new line is that sport is dangerous, and we in smoking want no more to do with a potential killer like contact sport."

"Hold on," I said. "You're saying that sport is the dangerous one, not smoking?"

"Smoking causes disease," said Adrian. "We all know that. We have as good as admitted it. But what the sports people never tell you is that sport is bad for you too. We have statistics to show that sports people are more prone to injury than non-sports players. And the higher up the sport you go, the worse it gets. Even in non-contact sports like tennis, people are always going out of the game for long periods. Boris Becker's wrist. Agassi's thingy. Steffi Graf's whistling. Monica Seles's ..."

"Monica Seles was attacked by a madman."

"Yes, but only because she played tennis."

I opened my mouth to object when I started thinking of all the injuries that athletes get, and how long out of the game they are. I thought of Middlesbrough and Ravanelli limping off in

the Cup Final. I thought of the day that Middlesbrough hadn't got 11 fit men to put on a field. I then thought of hamstring and groin strains and pulled muscles and hairline fractures, and I began to wonder, not for the first time, whether Adrian Wardour-Street might not be on to a winner, even though he was being paid to say it.

"You see?" said Adrian. "So our plan is to take the high moral ground and announce that the tobacco industry no longer wishes to be associated with something as dangerous and anti-social as sport. Many children take up sport through peer pressure, we will say, not knowing that they are hooked on to a risky practice and that in 20 years time they may be broken-down prop forwards or worn-out fast bowlers. Far safer to stick to fags and booze."

"Do you really mean that?"

"I see a poster," said Adrian dreamily. "It shows poor old Muhammad Ali as he is now. The slogan says: 'Muhammad Ali never smoked'. Think that will get the message across?"

He may have a point.

هكذا من الامم

Businessmen: New Labour's unlikely heroes

When government tries to run businesses it fails. The results of nationalisation have been so catastrophic that the model has been abandoned all over the globe. Now we have the reverse proposition: businessmen pulled in to help run the government.

First there was Sir David Simon, chairman of BP, joining the government in the Lords to help on policy towards Europe. Then Martin Taylor, chief executive of Barclays Bank, is to head a team which will advise on the reform of social services. And yesterday Howard Davies, deputy governor of the Bank of England (but whose original background was as a management consultant) was appointed to that most politically sensitive role, supervising what is objectively Britain's largest export industry, financial services.

And now there will be the business-led task forces announced by Gordon Brown last night. If Labour goes on in this vein it will be bringing top business talent into the core of policy-making, something that the Conservative governments never did.

Sure, the Tories used to call in high-profile businessmen from time to time to help with specific projects: Lord Rayner, head of Marks & Sparks, to cut out waste in Whitehall, or Richard Branson to clear up London's litter. There were lots of "friends" from the business world, and one or two people with a commercial background, such as Lord Young, were elevated to the Cabinet. But the Tories did not seek to get their ideas from people who ran giant corporations such as BP or Barclays. This is new.

It is easy to see why it is happening. Labour MPs have very little first-hand knowledge of what business people do; hardly any have ever worked as managers in the private sector, or even been non-executive directors of big quoted companies. So there is, for Labour, a mystic quality about business - it is a strange and different world from that of the teachers, lawyers and trade union people who make up the Labour parliamentary party. But business people are also an important group, for as anyone involved in government is aware, commercial disciplines are increasingly being imposed on the public sector. So bringing "business expertise" into the core of government has become one of Labour's priorities.

And because the New Labour team is orderly and focused, it has gone not to its handful of business cronies, but to the very best in the land. Make no mistake about this: David Simon, Martin Taylor and Howard Davies are all top of the range.

In one sense this is terrific. The Labour leadership knows it has a great big hole in its own expertise, so it goes out and gets the best people it can find to help fill it. The principle that one should go out and get good people to bring in the skills you lack may be novel in politics but in the rest of the world it is exactly the way any well-run organisation operates. What the government cannot know, and the rest of us cannot really know either, is whether the skills are really transferable: if politicians are lousy at business, and we know they are, why should we expect business people to be any good at politics?

The precedents are less than encouraging. Lord Rayner may have saved money in Whitehall, but some people believe that cuts in the quality of statistics inspired by his economics led to policy errors in economic management.



Hamish McRae

The Government knows it has a great big hole in its own expertise, so it goes out and gets the best people it can find to help fill it

get its top appointments right but it frequently fails: industry is littered with bodies as a result. So when governments want to bring in business expertise, as they increasingly will need to do, they must realise that they are not buying a simple commodity. What they need to do is to identify precisely what sort of commercial skill they want, and then see who might be able to provide it. Apply this test to these very different appointments and what do you get?

Will someone whose lifetime career was in the oil industry be any good at guiding British commercial policy towards Europe? Will someone who moved from financial journalism to industry to heading a bank be good at helping reformulate the welfare state? Will a management consultant who headed the Audit Commission, the CBI and then went to the Bank of England be the right person to regulate the financial services industry?

You know, I have no idea. These are very high quality people but they may be absolutely wrong for these jobs. Even if the people are right, the jobs may be wrongly defined. Maybe commercial policy should not be focused towards Europe, but rather towards the faster-growing markets of the rest of the world. Maybe we should not be thinking of a single radical blueprint for reforming the welfare state, but rather have a series of limited, incremental changes. Maybe we would be better to keep the present structure of City regulation, making small course-corrections where necessary, instead of having a single supreme who may come into conflict with the Bank of England.

We certainly need more business skills in government. But introducing these is a difficult, complex task needing sensitivity and care if it is to work. This knee-jerk "hire a top guy to sort 'em out" approach is just the sort of trap into which businesses themselves often fall. Great strategy, dodgy execution. It may turn out fine, but keep your fingers crossed.

And Richard Branson's brief foray into rubbish did not have any noticeable impact on the problem. He exited pretty quickly: rather unkindly, a newspaper went round the back of his Virgin Megastore in Oxford Street and photographed mountains of the stuff piled against the railings!

Those may seem rather frivolous examples, but they serve as a useful warning. If you are going to bring in people from the outside world to do political jobs, you must make sure that their skills are appropriate. Lord Rayner knew a lot about retailing, but streamlining public administration is different from running shops; Richard Branson is a world-class marketing genius, but has no reason to know anything about sweeping streets.

Unlike politics and public administration, business is not a generalist skill. Take a minister from one cabinet post and put him or her in another, and the good minister will succeed and the bad one make another mess; transfer a top civil servant from one department to another and things will go on pretty much as before. But in business you need to know what you are doing. Take someone out of one industry and put them in another and it may work. But more often it does not. Not only do different industries need different sorts of people, different companies even within the same industry do. Think of all those enormous pay-offs when business executives are brought in, and then sacked a few months later. The commercial world tries very hard to

Blunkett's long road to the Class of '97

Interview by Donald Macintyre



Andrew Paulman

It is 'human capital' that the nation will increasingly find itself investing in

In terms of understanding and being able to disseminate what is working, excellently." The new General Teaching Council will help to raise professional status and standards; so will the new qualifications both for heads and for experienced teachers who want to stay in the classroom.

So also will new initiatives like the current Adult Learning Week, one effect of which should be to help parents both to help themselves and to engage with their children's education. Blunkett says: "You see this with ethnic minority groups where the Chinese, the Indian and now Pakistani and Bangladeshi families are increasingly committing themselves to education. We don't have that always in the deprived white working class communities, including the one I represent as an MP."

He knows better than most how much his department will in time need and he is not remotely starry-eyed about the £100m that the scrapped assisted places scheme will generate by 2000. But he is confident of fulfilling the one firm manifesto pledge - reducing primary class sizes to 30. He is not prepared to commit himself to a date earlier than the end of the parliament but adds: "I was one of those who said during the election that if we can achieve more than we've promised we'll restore faith in politics and democracy."

Last week Blunkett saw Sir Ron Dearing, who is in charge of rethinking the approach to higher education funding, and told him he wanted the report completed by the end of July. There will be radical change. Nor has the Government "ruled out entirely" ending the automatic state payments of fees as well as grants.

What is clear is that he does not want to be distracted by structural issues at the expense of advancing standards. Ballots to change the selective admissions policy of the 160 grammar schools will face a high hurdle before they can even start. Blunkett is interested in continuing talks with former direct grant schools, now in the private sector, such as Manchester Grammar School, for example on how they might help to prepare inner-city state-educated sixth-formers for higher education, including Oxbridge.

"I'm saying this to the private sector generally: here is an opportunity to commit yourselves genuinely to a goal which is broader and more effective than providing excellence to the handful of children that have access to your schools." He is prepared to look further at the Tory MP George Walden's "intellectually stimulating" ideas about luring the former direct grant schools back into the state sector to ease what the Labour manifesto called the "apartheid" between the

private and state sector. But he warns that it will not work if it simply means "that we paid the fees instead of the parents for the same set of children". Blunkett's journey to the cutting edge of Blairism has been a long one. But already he is impressive in a job that looks tailor-made for him. He rejects the idea that he was ever a "disident left-winger", pointing out that he was "consensual" figure on the Labour National Executive in the Kinnock years, breaking for example, the deadlock on Militant. But he agrees: "Not only has the Labour Party and the nation changed but David Blunkett's changed with them and I think for the better."

"I think that as we addressed the real world of the late Nineties and came out of the cocoon of the late Eighties, the nation warned to us. I reflect that change like everyone else."

It was never, he reflects now, nationalisation or revolutionary change that was going to give the young of Britain their chance. It was the individual skills and educational attainments they needed to help themselves. "If I can change the life chances of the kids in my constituency and across the country I'll have achieved far more than any of the aspirations that I had 30 years ago when I came into the Labour Party."

The spy who loved both sides

A Vietcong agent who worked for 'Time' is still not resented by his colleagues, says David Usborne

Twenty-two years after the last US helicopter chattered skywards from the roof of the American embassy in Saigon - now Ho Chi Minh City - the healing process is doing well. It is chic for American students to travel to Vietnam these days; Hollywood has even stopped making those self-flagellating napalm epics.

For sheer symbolism it will be hard to beat two recent events. There was the appearance at the Vietnam War in Washington last November by Phan Thi Kim Phuc. Now a woman in early middle age, in 1972 she was the young girl who was caught in the lens of an AP photographer fleeing American bombs. The image - a naked child with arms outstretched in terror - remains one of the most wrenching of the war. Then last Friday, Pete Peterson arrived in Hanoi as America's first ambassador to Vietnam since the normalisation of relations between the countries in 1995. Mr Peterson was shot down over the Red River delta in 1966 and spent the next six-and-a-half years as a prisoner of war in the infamous "Hanoi Hilton".

How frustrating that another opportunity recently for catharsis was lost. The occasion was a journalists' forum on the war's aftermath organised earlier this month by the Asia Society in New York. The star-guest was from Ho Chi Minh City named Phan Xuan An. He did not turn up, however, because the government of Vietnam refused him an exit visa.

Unquestionably, Mr An belonged at

the forum. On the panel were some of the most distinguished US reporters in Vietnam, including Morley Safer, now of the CBS news magazine, 60 Minutes, Stanley Karnow who reported for the Washington Post and David Halberstam for The New York Times. Mr An is a member of the same club. First hired by Reuters early in the war, he went on to work in the Time magazine bureau for 10 years, where he earned the distinction of being the only local reporter ever put on staff by a US publication. In Saigon, he was the sage who knew better than anyone what was going on.

The larger truth about Mr An only emerged years later, notably in a book written by Mr Safer in 1990, *Flashbacks: On Returning to Vietnam*. It was a story of divided loyalties and of friendships forged between enemies worthy of Graham Greene. In short, Mr An was a double agent, flitting reports not only to Reuters in London and Time in New York, but also to the Communist strategists of the Vietcong.

In 1944, a 16-year-old An found himself, along with almost all his student peers, joining the Communist national liberation front known as the Vietminh (later dubbed the Vietcong by South Vietnam) for reasons not so



In a time of war: a Vietcong spy is executed Photograph: AP

much of ideology than of patriotic nationalism. When first the Japanese and then the French had been driven out of Vietnam and the country became divided, Mr An in 1955 was drafted to join the South Vietnamese army. There he was assigned to Colonel Edward Lansdale, the principle operative of the CIA. "The real work began in 1960, when I was working for Reuters," he told Mr Safer. "I held the rank of regimental commander. I never wore a uniform of course. During the years with Time I was made a colonel." Today, his rank in retirement is that of general.

Mr An's credentials as a friend of America seemed unimpeachable. In 1956 he won a US government scholarship to study in California; before returning home, he even had a spell

working on the *Sacramento Bee* newspaper. When the Communists were on the verge of taking Saigon in April 1975, Mr An sent his whole family out on the helicopters to take refuge in America. He remained behind.

The American who helped Mr An arrange his family's flight was David Greenway, now an editor at the *Boston Globe*. The two had become friends as co-workers in the Time bureau in the late Sixties. Mr Greenway says that while he always was sure that Mr An had the benefit of sources on the other side, he never dreamed that he was actually working for it. In his discussion with Mr Safer, Mr An was adamant that he never once fed Time or any US correspondent disinformation. Had he done so, he said, he would have blown his cover. His masters in the North, he said, "wanted the same thing Time expected. I had access to all the Vietnamese hares and their commanders. My superiors wanted to know the strengths of various units... estimates of the capabilities of the commanders, who was corrupt and who was corruptible. They wanted all the political stuff."

Even while Mr Greenway admits that Mr An's missives to the North may have led to the deaths of some Amer-

ican advisers to the South, neither he nor any of those who were on the New York panel can be tempted into expressing bitterness towards Mr An. Mr Greenway, who has also visited Mr An since the war says: "In a way that was how Vietnam was. It was not a black-and-white thing. You knew that the locals had friends or relatives on the other side." At the Asia Society, Mr Safer said: "I think that any American reporter in any country understands when he deals with someone who is indigenous that the levels of loyalty on the part of that person are often more complex. I think of him to this day not as a person who is treacherous. I think of him as a friend."

Mr Karnow, meanwhile, spotlighted the core of the story that makes it so compelling. There was no pretence, that he could see, in Mr An's loyalty either to his commanders in Hanoi or to his American employers and colleagues. "An used to sing a Josephine Baker song to me," he recalled. "Do you know 'I have Two Loves - I'ai Deux Amours'? Do you remember her song, 'France and My Country'? Well that was what he would sing to me, you know, 'I have two loves - Vietnam and America'. He was torn."

In New York, we were denied the chance to hear Mr An first hand. Evidently, the warming of ties between Hanoi and Washington has gone only so far. Ambassador Peterson may want to make a trip to Ho Chi Minh City. Take a recorder with you, sir. The debriefing of General An will surely be worth sharing.

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SIB accuses Prudential of giving clients wrong advice

Nic Cicatti
Personal Finance Editor

Prudential, the UK's largest insurer, has come under fire in a report by the City's main regulator, the Securities and Investments Board, over claims of mis-selling of financial products and an alleged refusal to compensate victims.

The company is accused in the SIB report of wrongly advising clients to place money in one of its popular products, the Prudential Savings Account, to the exclusion of more suitable investments, it emerged yesterday.

The report follows a two-month investigation by the regulator's monitoring team. A draft was submitted

to the company at the end of March.

In a bizarre twist, the SIB has also complained that members of its monitoring team were shadowed by Prudential compliance staff who used pre-arranged hand signs to prevent those being interviewed from giving out too much information.

Each night, the Prudential team was instructed to prepare detailed reports on the interviews carried out and any records examined by the SIB monitoring staff that day.

Jim Sutcliffe, chief executive of Prudential's UK retail operation, admitted yesterday that with hindsight, the actions of some of its shadowing team may have been "over-eager" and that their actions were interpreted as "adversarial".

But he disputed the accuracy of some of the SIB findings.

The SIB's final report is expected in the next few weeks following last-minute representations on points of fact by Prudential.

The City regulator will then decide whether to issue a public reprimand against Prudential, the heaviest penalty it can impose. The SIB last night refused to comment.

The SIB's findings will be a serious embarrassment to Prudential, which has long prided itself as being a cut above other financial services institutions.

The company has long been hostile to the Personal Investment Authority, the current front-line financial watchdog, arguing that it is

an inadequate regulator and statutory controls are needed instead.

The Prudential is alone among insurers in being regulated directly by the SIB. However, Scottish Amicable, the insurer the Prudential aims to take over before the end of the year, will remain under the PIA's control.

The allegations against Prudential centre on its Savings Account, a high-selling contract linked to the company's life fund. Such policies suffer from so-called "fiscal drag", which is underlying taxation on the life fund itself.

They may therefore not be suitable to higher-rate taxpayers, who would be required to pay even more tax on their investment, or to non-taxpayers who need not be paying tax on

their savings. The SIB's draft report claims that in some cases, Savings Account schemes were wrongly sold to such investors.

The report also claims that the company's salesmen were selling a second Prudential pension to many customers, incurring new set-up charges, rather than simply arrange a top-up to the existing one.

In both instances, the SIB alleges that the Prudential has been unwilling to compensate victims unless they come forward and ask for redress.

The company is also said to be unwilling to bring together separate records from two computer systems that would allow it to identify and compensate those persuaded to buy two separate pensions.

The Prudential did identify questionable selling practices among members of its salesforce in the Sheffield area two years ago. However, the report says surveys to discover the extent of potential mis-selling were restricted to the local area itself, rather than extending the inquiry nationwide as the SIB believes is needed.

Finally, the report adds, the company's training methods do not allow it to say with certainty whether the salesforce is capable of putting its newly-learned financial skills into practice.

Mr Sutcliffe said yesterday errors may have been made but in many cases the advice given on Savings Accounts was not necessarily wrong.

The investigation into the Sheffield episode had covered 19 branches, he said. "However, we are aware SIB thinks we should have investigated more branches. They are not confident of the standards of our investigation. We will redress that and look at a new sample of cases."

Mr Sutcliffe rejected as "factually incorrect" suggestions that pensions compensation was not being paid. He said that for three years now the automatic policy had been to refund all charges on a second pension sold to Pru customers.

He acknowledged, the "hand signals" issue had been mentioned to him. This was carried out by one or two members of a separate "business quality unit" attached to the compliance team.

Brown signals overhaul of City regulation

Tom Stevenson
and Diane Coyle

The Chancellor of the Exchequer dropped a second bombshell on the City yesterday, announcing plans to place regulation of the entire financial services industry under one roof for the first time. The surprise move came only two weeks after he stunned observers by handing freedom to the Bank of England to set interest rates.

The timing of the Gordon Brown's far-reaching shake-up of financial supervision was unexpected but his intention to sweep away the present, unworkable system of self-regulation had been well flagged. More of a surprise was his decision to remove banking supervision from the Bank of England.

Mr Brown said yesterday: "It has long been apparent that the regulatory structure introduced by the Financial Services Act 1986 (FSA) is not delivering the standard of supervision and investor protection that the industry and the public have a right to expect."

Alistair Darling, Chief Secretary to the Treasury, added: "The distinctions between different financial institutions were becoming increasingly blurred. A regulatory system based on old market structures was becoming increasingly inappropriate."

The Government had trailed in opposition its view of the need for statutory regulation rather than self-regulation. It also felt it was unsatisfactory to have different regulators responsible for different parts of each financial institution.

"The system was becoming too cumbersome, there was too much red tape and it has become too expensive," Mr Darling said.

The Consumers' Association welcomed the move, saying it had been calling for the replacement of the current two-tier regulatory system with a

single watchdog body for some time.

"This announcement is good news. We are pleased to see the end of the current two-tier system which we regard as unwieldy, at times incomprehensible and not easily understood by consumers," a spokesman said.

In a statement in the House of Commons yesterday, Mr Brown outlined plans to fold the Securities and Futures Authority (SFA), Personal Investment Authority (PIA), and Investment Management Regulatory Organisation (Imro) into their current umbrella regulator, the Securities and Investment Board (SIB). A new financial services act, covering these changes, is expected in the next session of Parliament, while the Bank of England Bill will pass within the next year.

Howard Davies, Deputy Governor of the Bank, chosen to head the new super-regulator after SIB's current chairman Sir Andrew Large steps down, said: "I am honoured to have been called to take up this challenge. It is an opportunity to build a new regulatory structure which will meet the changing needs of the financial services industry and its customers."

Scandals such as the mis-selling of personal pensions to hundreds of thousands of people convinced Mr Brown while Labour was in opposition of the need for a root-and-branch reform of the supervision of the financial services industry.

Under the current regime, a bank is supervised by the Bank of England. But its stockbroking, asset management, retail financial services advisory arm and unit trusts operation are each supervised by a different agency.

"You cannot ensure the success of British financial services in the 21st Century without modernising arrangements for the protection of investors," Mr Brown said.

"My reforms are essential to ensure the future confidence of investors large and small, and the future success of the increasingly integrated financial services industry," he added.

The move follows the Chancellor's surprise announcement a fortnight ago of independence for the Bank of England in setting interest rates, which he reaffirmed in his statement to the Commons yesterday.

The Chancellor confirmed that the Bank will have two new deputy governors, to be appointed after the Bank of England Bill has been passed. Eddie George, Governor of the Bank, the two deputies and two other Bank executives will be members of the Monetary Policy Committee which will meet each month to set interest rates.

Mr Brown will announce four outside members of the committee in time for its first meeting in early June.

Mr George attempted to play down the perception that Mr Brown had stripped him of an important part of his previous powers. He said: "What matters is not the Bank's position but the whole structure of financial regulation and what is best both for depositor, investor and policyholder protection, on the one hand, and for systemic stability on the other."

In a letter to Sir Andrew Large, Mr Brown outlined plans to establish SIB as the single financial services regulator. He said SIB would have the full range of powers and discipline, established in statute, that are now available to the self-regulatory bodies under current law.

In a statement, SIB welcomed the proposed changes: "Clearly we have a major task ahead of us. We and our fellow regulators will be starting work immediately with a view to reporting back to the Chancellor as requested by the end of July."

Comment, page 23



Another bombshell: The reforms of Chancellor Gordon Brown (right) will launch Howard Davies as head of the newly enlarged SIB financial watchdog

CBI warns over raising corporate taxes

Michael Harrison

Sir Colin Marshall, president of the CBI, issued a thinly-veiled threat to the new Chancellor last night not to increase corporate taxes in his first Budget.

There is widespread speculation that Mr Brown will take the opportunity to raise corporation tax and cut the tax credits that institutions enjoy on dividend payments.

This would have the short-term effect of reducing the amount of advance corporation tax paid by companies. But in the long term, it would increase their cost of capital and might force them to top up their pension schemes from company profits.

But Sir Colin told the annual

dinner of the CBI in London last night: "The level of business investment does need to be stepped up but that depends on having economic and fiscal policies which allow commerce and industry not just to build profits but also to retain them. Today's profits are tomorrow's investment."

The CBI chief also cautioned the Government against upsetting the economy and criticised it over the windfall tax and its support for the Social Chapter.

But Sir Colin said he was encouraged by Labour's attitude towards Europe and its promise of co-operation and partnership with business. "The turn of events on 1 May has given us a fresh start in Europe. You could tell that something was stirring from the way Britain won the

Eurovision Song Contest for the first time in many years, on Labour's second day in office."

Sir Colin joked with the audience of 1,500 business leaders. He said business looked forward to "a close working partnership of a kind not possible with previous Labour administrations. For us this is very much a case of New Labour new experience."

Earlier the Chancellor had spelt out how the Government intended to take its partnership with industry forward. He confirmed that Sir David Simon, the former chairman of BP who has been named Minister for European Trade and Competitiveness, will chair a working group when Britain takes over the presidency of the EU next January, examining how Britain will work to complete the single market and promote flexible labour markets across Europe. The CBI will be represented on the group.

This follows a number of other initiatives to bring senior businessmen into Labour's new partnership. Martin Taylor, chief executive of Barclays Bank, has been appointed to chair the working group on reform of the tax and benefit system, while Malcolm Bates, former deputy managing director of CIEC and now chairman of the Pearl Insurance group, is conducting a review of the Private Finance Initiative.

Mr Brown also outlined his vision for a new University of Industry, which would operate as a public-private partnership providing lifelong learning for everyone through the home, the workplace and the community. "It will do for workplace education in the 1990s what the Open University did for second chance university education from the 1960s onwards," the Chancellor said.

He also pledged that Britain would play a leading role in shaping Europe's future. The idea that Europe could revert to a free trade area as in the 1950s was an illusion, he said. Whereas the debate over economic and monetary union had been "hijacked by extremists - dogma competing to be heard above prejudice" it would henceforth be based on a well-informed decisions about what EMU meant for Britain.

Blow to BA alliance hopes with American Airlines

Chris Godsmark
and Michael Harrison

British Airways' hopes of sealing its long-awaited alliance with American Airlines were dealt a further blow yesterday when it emerged that the European Commission was likely to call for further concessions from the two companies this week.

Karel Van Miert, the Competition Commissioner, flew to London yesterday morning for a private meeting with Margaret

Beckett, President of the Board of Trade to discuss the alliance. A spokesman for Mr Van Miert said details of the EC's investigation could be released as early as tomorrow.

The spokesman declined to comment on growing speculation that the EC will ask the carriers to hive off a larger number of lucrative runway slots at Heathrow Airport than the figure of 168 provisionally proposed by the Office of Fair Trading. The EC probe has run

in parallel with the OFT, which has yet to hand its final conclusions to the DTI. In January Mr Van Miert made clear his deep concerns about the alliance on competition in the transatlantic air market.

The alliance, which would involve the two carriers pooling revenues and coordinating flight times, has aroused huge criticism from rival US carriers who have restricted access to London airports. It would give BA and American some 60 per cent of

flights between the UK and US, entrenching the UK airline's already dominant position at Heathrow.

Mr Van Miert is understood to have made direct contact with BA yesterday afternoon, requesting a meeting with its chief executive, Bob Ayling, to discuss the Commission's concerns about the alliance. No date has yet been set for the talks.

These cover both the number of slots that BA and American should surrender and whether

they should be allowed to sell the slots. Mr Van Miert has been locked in dispute for months with Neil Kinnock, the EC Transport Commissioner over the principle of slot trading.

A spokeswoman for the transport commissioner said Mr Kinnock intended to issue proposals legitimising trading next month, though Mr Van Miert is apparently still opposed to the idea. BA has insisted it must be allowed to receive compensation for any slots divested.

A BA spokesman said it welcomed the chance to put its views to Mr Van Miert. "We are pleased that we will have the opportunity we have long sort to face up to the Commission's concerns because we believe we have the arguments to persuade them of the benefits the alliance will bring." Suggestions that the Commission might insist on tougher concessions, as the price for allowing the deal to proceed left BA shares 18p lower at 718p.

Fed leaves US rates alone

Mary Dejevsky
Washington

The US Federal Reserve last night decided against raising interest rates from the current level of 5.5 per cent, despite the urging of experts who said a fresh rise was needed to pre-empt any increase in inflation.

The decision indicated that the Fed judged signs of a slowdown in economic growth to be real and believed there was no need to make any adjustment following the 0.25 percentage point rise two months ago.

There has recently been an unusual degree of discussion and uncertainty over rates, with analysts divided on whether a rise was justified. A majority, however, had forecast that there would be no change, whether or not it was justified.

Only a week ago, Alan Greenspan, chairman of the Federal Reserve, caused confusion when he said: "While there is scant evidence of any imminent resurgence of inflation at the moment, there also appears to be little slack in our capacity to produce." His statement led to wild swings on the stock market as first the early part of his sentence, then the second caught the attention of dealers.

The economic figures are contradictory. The economy grew more rapidly in the first quarter than it had for a decade - at an annual rate of 5.6 per cent - and unemployment fell further in April to 4.9 per cent, its lowest level for 23 years. Both figures were cited as supporting the need for a rise, on the grounds that the growth rate needed to be restrained and such low unemployment would lead to wage rises.

Against this, however, there has been no sign that inflation - hovering below 3 per cent - is gathering pace. Consumer prices rose by a bare 1.5 per cent in the first four months of the year, half the rise registered in the same period last year.

| STOCK MARKETS | | | | | |
|----------------|----------|--------------|------------|--------------|-------------|
| Index | Close | Day's change | Change (%) | 1996/97 High | 1996/97 Low |
| FTSE 100 | 3845.20 | -48.70 | -1.0 | 4893.90 | 4050.60 |
| FTSE 250 | 4510.40 | -15.30 | -0.3 | 4729.40 | 4489.40 |
| FTSE 350 | 2221.50 | -20.60 | -0.9 | 2272.10 | 2017.90 |
| FTSE SmallCap | 2311.45 | -5.34 | -0.2 | 2374.20 | 2178.29 |
| FTSE All-Share | 2211.91 | -19.07 | -0.9 | 2230.98 | 1989.78 |
| New York | 7205.80 | +11.13 | +0.2 | 7333.55 | 5032.94 |
| Tokyo | 20489.75 | +165.92 | +0.8 | 20489.75 | 17303.85 |
| Hong Kong | 14108.82 | +46.45 | +0.3 | 14183.58 | 12055.17 |
| Frankfurt | closed | | | 3604.55 | 2848.77 |

Source: FT Information

| INTEREST RATES | | | | | |
|----------------|---------|---------|---------|--------|-----------|
| Index | 1 Month | 3 Month | 6 Month | 1 Year | Long Bond |
| UK | 6.16 | 6.87 | 7.08 | 7.88 | 7.15 |
| US | 5.66 | 6.22 | 6.89 | 5.41 | 6.90 |
| Japan | 0.43 | 0.72 | 2.45 | 2.41 | 6.85 |
| Germany | 3.12 | 3.31 | 6.51 | 6.51 | 6.58 |

| BOND YIELDS | | | | | |
|-------------|---------|---------|---------|--------|-----------|
| Index | 1 Month | 3 Month | 6 Month | 1 Year | Long Bond |
| UK | 6.16 | 6.87 | 7.08 | 7.88 | 7.15 |
| US | 5.66 | 6.22 | 6.89 | 5.41 | 6.90 |
| Japan | 0.43 | 0.72 | 2.45 | 2.41 | 6.85 |
| Germany | 3.12 | 3.31 | 6.51 | 6.51 | 6.58 |

| MAIN PRICE CHANGES | | | | | |
|--------------------|-------|--------|------------|-------------------|-------|
| Index | Price | Change | Change (%) | Index | Price |
| Harrison & Sons | 111 | 7 | 6.7 | Asia Technology | 483.5 |
| Sevens | 79.5 | 2.9 | 3.8 | Burton Group | 134.3 |
| Lombard | 140 | 5 | 3.7 | Southern Electric | 408.5 |

| CURRENCIES | | | | | |
|------------|-----------|---------|----------|---------|-----------|
| Index | Yesterday | Change | Year Ago | Index | Yesterday |
| \$/£ | 1.6405 | +0.0046 | 1.5157 | £/¥ | 0.0096 |
| \$/DM | 1.6385 | +0.0115 | 1.5135 | DM/¥ | 0.0103 |
| DM/£ | 2.7898 | +0.0115 | 2.3132 | DM/£ | 1.7008 |
| ¥/£ | 194.112 | +0.088 | 151.637 | ¥/£ | 118.325 |
| £/Index | 99.3 | +0.5 | 84.4 | £/Index | 103.1 |

| OTHER INDICATORS | | | | | |
|------------------|-----------|--------------|----------|------------|-----------|
| Index | Yesterday | Day's change | Year Ago | Index | Yesterday |
| Oil Brent \$ | 20.32 | +0.75 | 17.53 | RPI | 156.3 |
| Gold \$ | 341.75 | -2.5 | 391.05 | GDP | 109.7 |
| Gold £ | 208.56 | -1.67 | 258.66 | Basa Rates | -6.25pc |

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COMMENT

The real curiosity is that this eminently sensible piece of institutional reorganisation has never seriously been contemplated before. For this we can largely blame the Bank of England.

Brown hits the ground not running but sprinting

Another day, another stonker of an initiative from Gordon Brown, our new Chancellor. The way things are going, any one would think he was the Prime Minister, not Tony Blair. Mr Brown has hit the ground not so much running as sprinting, and while this latest piece of reform may lack the same seismic, long-term import of his previous announcement affecting the Bank of England, this is none the less big-league stuff.

It is also an eminently sensible piece of institutional reorganisation, so much so that the real curiosity is that it has never seriously been contemplated before. For this we can largely blame the Bank of England, which until Howard Davies arrived as deputy governor a couple of years back refused to countenance any question of separating its monetary from its supervisory functions. Since then the Bank has been dropping heavy hints that it might be prepared to trade away these powers in return for independence, but even this was done with reluctance.

This dogged defence of turf has long been a cause of some bemusement, for being responsible for supervision has never brought the Bank anything but grief. Regulatory failure has to varying degrees been a contributory factor in all the last three big banking collapses, Johnson Matthey, BCCI and Barings. The effect has been to tarnish the Bank's reputation more generally and undermine its case for independence. If the Bank cannot be trusted with supervision, how could it be trusted with monetary policy, was the all too frequent observation.

Never mind the fact that the Bank is actually a rather good supervisor and getting better at it all the time. Per head of staff relative to banking failure, it is one of the most effective regulators in the world. However, it is not for the unpublicised successes that regulators get judged, but for those high-profile cases that slip through the net. Post Barings, the Bank has come to accept that there might be a reputational case for severing its links with supervision.

There are also some very practical reasons for doing so. First, it would not be appropriate for such an important regulatory function as banking supervision to be handled by an independent central bank. The Bank's insistence that great benefit is derived in the conduct of policy from what it learns in pursuing its duties as a supervisor was never a convincing one. Much better to make supervision directly accountable to government through an enhanced SIB (or Investor Protection Agency, as we may have to start calling this behemoth once it has absorbed all the other City regulators).

Second, globalisation and rapid growth of financial services and markets have blurred the borders between modern securities regulation and old style banking supervision. As Barings illustrated, this is already causing a dangerous confusion in lines of responsibility and action. The two functions, then, are in any case being driven together by a common need and purpose.

There is also one further good reason for going this route – it gives Howard Davies a big job to do. So much so that a cynic would suspect he might have had a hand in persuading Mr Brown of the sense of this approach. Not true. Although it looked as though Mr Davies had been left out in the cold by the announcement of operational independence for the Bank two weeks ago, he played no part in this latest development. All the same, it's good to see such an accomplished practitioner making the transition between governments, for in his brief reign as deputy governor he has made great strides in revitalising the Bank's demoralised supervisory ranks. We can expect more of the same once he takes over at the SIB.

As for the planned wider regulation of City regulation, there is thankfully going to be a period of public consultation on all that, both on its structure and funding. The new Government is none the less off to a good start. This isn't change for the sake of it, but rather, a long overdue and necessary reform.

Electricity reforms heading for more delays

The electricity supply industry has fallen foul of Professor Stephen Littlechild again, and 20 million domestic customers can but sit back and watch the sparks fly – unless of course the lights go out first.

The cause of the dispute this time is how

much it will cost the regional electricity companies to gear up for 1998 when they lose their cosy monopolies and emerge blinking into the harsh light of competition. According to the RECs, the bill for all the new computers and software that will be needed to make the changeover a success works out at £854m, or £45 for each customer in the land. The professor says it will, at most, cost £383m. Clearly the RECs are trying it on.

Since electricity supply only accounts for 6 per cent of the total household bill, it is becoming apparent that, whatever the true costs, the benefits to customers of shopping around will be negligible.

The professor disputes this, insisting that competition in supply will give the RECs increased incentive to buy their electricity more cheaply. This will deliver meaningful price reductions because generation makes up a much bigger proportion of the average household bill.

The reality is that the RECs have got the professor over a barrel. In truth they are not interested, nor ever have been, in competing in anyone else's franchise market and have done their best to sabotage the whole project. Now some of them are telling the professor that if he is not prepared to make customers pay for their gold-plated computer systems then he had better put back the whole process or risk a meltdown.

Liberalising the market but failing to deliver worthwhile price cuts would be an embarrassment to the professor. But pre-

siding over the collapse of the system would be unthinkable. Stand by for more delays to the timetable.

Perceptions of UK catch up with reality

What has changed in a year to cause Britain to scoot on up the World Economic Forum's league table of international competitiveness into seventh position? Not much is the honest answer, but these rankings never were a very objective or scientific exercise.

The text of the report claims Britain's progress is the reward for the upheaval of deregulation and privatisation, and for the two recessions that accompanied the creation of a flexible labour market. There are few experts who would argue any longer with the view that the reforms of the Thatcher years did boost the British economy's potential for growth, but the most important of them were in place by the late-1980s.

The truth is that the jump reported in the latest findings is the result of perceptions catching up with reality. Most of the hard figures that go into the construction of the rankings change very little year to year. What changes most is the results of the survey of international executives which also feeds into the league table. It is these executives who have realised at last that we are now well over the British disease.

Electricity customers face double cost for competition

Chris Godsmark
Business Correspondent

Electricity customers are likely to have to pay more than twice as much as originally estimated to fund the introduction of domestic power competition next year, Professor Stephen Littlechild, the industry regulator, warned yesterday. However, Professor Littlechild dashed calls from 12 regional electricity companies (RECs) and two Scottish suppliers, to reclaim extra spending approaching £1bn. He also declined to rule out the possibility that the complex preparations could be delayed, though he said the aim was still to meet the current timetable. It would give 23 million households the ability to move electricity supplier on a rolling programme between April and September 1998. The Electricity Watchdog, Oftec, said the companies could

be allowed to pass on total costs of between £250m and £383m over the five years from next April, compared with the previous estimate of £154m made eight months ago. Professor Littlechild blamed the rise of extra management services. On top of this the Electricity Pool, the wholesale power market, is spending £50m to update its computerised trading system.

The increased estimates means the cost per customer has risen from about £1 a year for five years to between £1.90 and £2.90, out of an average bill of just under £300. Charges in Scotland were likely to rise the most. Professor Littlechild insisted the savings from competition would still outweigh these costs, even though electricity supply, the portion of the service which is being opened to competition, accounts for just 6 per cent of bills. Distribution, which remains a

monopoly, covers 29 per cent of bills, with just over half going to cover generation costs.

Offer admitted the revisions represented a "substantial increase" but compared the figures with the £380m the companies themselves had asked to pass on. It also attacked the huge differences in predicted cost between suppliers, with Northern Electricity asking for £31m and Norweb requesting spending of £118m. Professor Littlechild said some RECs had asked to pass through the cost of dealing with the millennium computer bug at the same time.

"We have weeded out other costs which don't need to be provided for, I would have been concerned at the variation in estimates if I had believed these were seriously thought through," Professor Littlechild said.

It also emerged that John Battle, the new Industry Min-

ister, is unlikely to press for a full-scale review of the 1998 preparations, a move which would almost certainly mean a delay of several months. One REC, which would not be named, said Mr Battle was conducting a smaller scale investigation but would apparently stick to the current deadline for the time being. Mr Battle had previously indicated before the election that he did not want to see the timetable putting customer service at risk. Professor Littlechild also said yesterday Mr Battle was "not pushing to move competition back".

Asked whether he was contemplating a delay to the process in the face of vigorous lobbying from the RECs, Professor Littlechild added: "We are still assessing this and the situation is constantly changing. As of today that's the target we are aiming at. It would be wrong of me to in-

Cost of opening up Electricity Market

| £ million 1995-96 | Original Offer Estimate | Company Estimate | Revised Offer Estimate |
|-------------------|-------------------------|------------------|------------------------|
| Eastern | 15 | 43.10 | 26.25 - 29.45 |
| East Midlands | 12 | 80.18 | 20.69 - 33.61 |
| London | 11.5 | 55.17 | 18.91 - 30.40 |
| Manweb | 9.5 | 55.62 | 15.04 - 23.44 |
| Midlands | 12 | 67.45 | 20.58 - 33.41 |
| Northern | 9.5 | 31.43 | 15.11 - 23.57 |
| NORWEB | 12 | 118.53 | 19.93 - 32.25 |
| SEEBORD | 11.5 | 77.24 | 19.26 - 29.76 |
| Southern | 13.5 | 41.82 | 23.35 - 30.44 |
| SWALEC | 8 | 67.52 | 12.19 - 16.30 |
| South Western | 9.5 | 34.96 | 15.18 - 22.17 |
| Yorkshire | 11 | 57.52 | 18.61 - 29.87 |
| Scottish Power | 14 | 71.74 | 18.86 - 30.31 |
| Hydro-Electric | 7.5 | 51.58 | 11.57 - 16.02 |
| Total | 163.50 | 853.70 | 255.50 - 383.00 |

sist on opening up the market where companies are not in a state where they can deliver. That would jeopardise customers."

The comments were interpreted by Yvonne Constance, from the Chairmen's Group of Electricity Consumer Commit-

tees, as a shift in his position towards the possibility of a delay. "It is a shift in position from the expectation that they will be ready to expressing a view that they may not. We are definitely pushing to keep the timetable on track."

M&S to create 1,700 new jobs

Nigel Cope
City Correspondent

Marks & Spencer announced plans to create 1,700 new jobs yesterday as it reported record profits which broke through the £1bn barrier for the first time.

The jobs will be in new stores planned this year in Covent Garden, London and in Cribbs Causeway, Bristol, as well as in existing stores as it increases sales volumes and improves customer service. A further 300 jobs will be created at the financial services division in Chester.

Commenting as M&S reported an 11 per cent increase in pre-tax profits to £1.1bn, Sir Richard Greenbury, chairman, highlighted growth in footwear, accessories and jewellery as well as overseas expansion as solid reasons for optimism. "We are no longer dependent on clothing and food. There are a wide array of opportunities to grow

and to develop the underlying strength of the St Michael brand across the world."

Asked whether any policies of the new Labour government would harm any financial trading, he said: "We have prospered over the last 50 years under a range of governments. I see no reason why we can't prosper on this one." He said a national minimum wage would not affect the company as its lowest wage was £5.70-£6.50 an hour if benefits such as the annual bonus were taken into account.

In the UK, sales of clothing, footwear and gifts increased by 9.5 per cent. Though sales of menswear and ladies outerwear were strong, the childrenswear market has been more difficult.

In foods, sales increased by 5.5 per cent with M&S maintaining its market share and margins.

Investment column, page 25.

Britain, the 'envy of Europe', races up the competitiveness league

Diane Coyle
Economics Editor

Britain has leapt up the world competitiveness league as the privatisation and deregulation of the Conservative era finally pay dividends, according to a study published today.

In a finding that will give the last government bitter satisfaction, the annual competitiveness rankings published by the World Economic Forum show that the UK rose from 15th to 7th place in 1996, one of the biggest advances. Britain's place in the world rankings was one of the political footfalls of the election campaign.

According to Fredrick Hn of the WEF, which organises the meeting of world political and business leaders in Davos each year: "The UK has become the envy of continental Europe."

He added: "What we see in the UK is an economy reborn out of sweeping privatisation, deregulation and other structural reforms, an economy that is now well poised to compete in the global economy."

But the annual review strikes a note of caution about growing income inequality, which has increased by more in the UK than most other countries. It notes that business executives in 49 out of the 53 countries covered judged that inequality had risen, but in general the high-ranking countries had suffered the smallest perceived increases.

The rankings are based on a mix of economic indicators such as tax rates and foreign investment, the quality of the infrastructure signalled by measures such as road density and the number of internet connections, and the results of a survey of business executives. The UK's advance reflects the importance the rankings place on factors like low tax rates and deregulation.

The report comments that Britain "has distinguished itself from the rest of Europe by retooling its social welfare state. It has slashed its top marginal tax rates and increased substantially its labour market flexibility."

Global Competitiveness Report 1997

| Country | 1996 rank | 1997 rank |
|--------------------------------|-----------|-----------|
| Singapore | 1 | 1 |
| Hong Kong | 2 | 2 |
| United States | 3 | 3 |
| Canada | 4 | 4 |
| New Zealand | 5 | 5 |
| Switzerland | 6 | 6 |
| United Kingdom | 7 | 7 |
| Taiwan | 8 | 8 |
| Malaysia | 9 | 9 |
| Norway | 10 | 10 |
| Luxembourg | 11 | 11 |
| Australia | 12 | 12 |
| Denmark | 13 | 13 |
| Japan | 14 | 14 |
| Finland | 15 | 15 |
| Belgium | 16 | 16 |
| France | 17 | 17 |
| Germany | 18 | 18 |
| Spain | 19 | 19 |
| Italy | 20 | 20 |
| Sweden | 21 | 21 |
| Portugal | 22 | 22 |
| Greece | 23 | 23 |
| Poland | 24 | 24 |
| South Korea | 25 | 25 |
| China | 26 | 26 |
| India | 27 | 27 |
| South Africa | 28 | 28 |
| Israel | 29 | 29 |
| Chile | 30 | 30 |
| Colombia | 31 | 31 |
| Brazil | 32 | 32 |
| Jordan | 33 | 33 |
| Argentina | 34 | 34 |
| Peru | 35 | 35 |
| Venezuela | 36 | 36 |
| Uruguay | 37 | 37 |
| Paraguay | 38 | 38 |
| Ecuador | 39 | 39 |
| Costa Rica | 40 | 40 |
| Panama | 41 | 41 |
| Guatemala | 42 | 42 |
| Honduras | 43 | 43 |
| Nicaragua | 44 | 44 |
| El Salvador | 45 | 45 |
| Trinidad and Tobago | 46 | 46 |
| Jamaica | 47 | 47 |
| Bahamas | 48 | 48 |
| Barbados | 49 | 49 |
| Antigua and Barbuda | 50 | 50 |
| St. Kitts and Nevis | 51 | 51 |
| St. Lucia | 52 | 52 |
| St. Vincent and the Grenadines | 53 | 53 |

Other big European climbers in the latest year are Ireland and the Netherlands. But the big European economies are languishing, with France unchanged at number 23, Germany down from 22nd to 25th, and Italy falling from 39th to 41st.

According to the WEF: "None of these countries has taken the painful but necessary measures to tackle their deep-rooted problems, which range from labour market rigidity to troubled fiscal policies."

At the top of the league table are two small but dynamic *entrepreneur* economies, Singapore and Hong Kong. They are followed by the US and Canada. With New Zealand at number five and the UK at number seven, the "Anglo-Saxon economies" make a strong showing, although this is perhaps not surprising given the assumptions behind the construction of the competitiveness index.

The newly industrialised

Asian countries such as Taiwan and Malaysia also score high rankings. However, the report says their growth rates are slowing down as they mature.

It sees bigger potential in the big emerging markets like China and Indonesia, and to a lesser extent Brazil. China has climbed to 29th place in the 1996 competitiveness ranking, from 36th in 1995, while Indonesia leapt from 30th to 15th.

At the bottom are two "falling giants", the Ukraine and Russia. As well as a year of economic decline, they continue to suffer from high levels of corruption, unreliable enforcement of contracts and unreliable police guarantees of physical security.

But the survey results suggest that Colombia rivals Russia as the worst place in the world to do business in terms of governance. Respondents said bribery was commonplace, tax evasion rampant, organised crime widespread and the police force ineffective.

Nadir expected to mount legal challenge

John Willcock

The British-based liquidators of Asil Nadir's collapsed business empire are bracing themselves for a legal challenge from Mr Nadir now that he has flown to Turkey, his first trip outside northern Cyprus since fleeing there from Britain four years ago.

Privately British officials were doubtful yesterday that Mr Nadir could be extradited from Turkey. Britain has no extradition treaty with Turkey, but the Turkish Government do not normally hand over wanted suspects under a Council of Europe agreement.

There were reports in Istanbul yesterday that suggested the Turkish authorities would be unlikely to send Mr Nadir back to Britain.

The Serious Fraud Office reiterated last week that it would still like Mr Nadir to face fraud charges worth over £30m relating to the collapse of his electronics to fruit empire seven years ago.

Yesterday liquidators from Coopers & Lybrand said they suspected that Mr Nadir had flown to Istanbul in order to launch a legal challenge to Coopers' proposed sale of the very last bits of his former empire.

These consist of two Polly Peck subsidiaries, Meyna and Unipac, which produce cardboard boxes for the Mediterranean fruit market.

Chris Barlow, who has headed Coopers' liquidation team since Polly Peck went bust, said: "We have battled through the courts for six and a half years to sell off all the companies in order to realise the money owed to creditors, and these are the last two."

He added: "Now we fear more problems from Mr Nadir. In the past he's launched over 30 legal actions trying to stop us selling Polly Peck companies."

Mr Barlow pointed out that it was the creditors of the Polly Peck empire who lost out every time Mr Nadir delayed these sales.



Independent Newspapers is now associated with the number one newspaper in seven major cities and 15 countries throughout the world.

The Group publishes in excess of 100 newspapers and magazine titles with weekly circulations of over 13 million copies in Europe, Africa and Australasia.

Share price has grown over one hundred and twenty times in the past 20 years. IRL £1,000 invested in Independent in 1977, with dividends re-invested, would be worth approximately IRL 300,000 today, a compound return over the past 20 years of 33% per annum.

The company's order the Group's management has over assets in excess of IRL 1,500m and employs over 13,500 people worldwide.

Since 1991, profits have increased fivefold and the Group's market capitalisation has grown from IRL 135m to IRL 585m.

Long term, we believe the prospects for the Group are very good. We have built a strong constellation of companies in newspapers, radio, TV, print and outdoor advertising around the world, and we think the next few years will be even more profitable.

Dr. A. E. O'Reilly
Chairman

Independent Newspapers

A global media business

OPERATING HIGHLIGHTS

- Ireland**
 - Ireland's largest newspaper publishing group.
 - Operating profits are up 33%.
 - Increased circulation in all national titles.
 - Second largest cable and MD5 television signal distribution company (Irish Multichannel - 50% owned).
- United Kingdom**
 - Wholly-owned operations achieved record growth in profitability.
 - Largest publisher of paid-for regional titles in Greater London area.
 - Leader in the London recruitment magazine market.
 - Increased interest to 46.4% in Newspaper Publishing, London - publisher of 'The Independent' and the 'Independent on Sunday'.
- New Zealand**
 - Increased interest to 62.8% in Wilson & Horton, the country's largest newspaper publisher by year end. Subsequently, increased interest to 85.6%.
 - Increased circulation for re-designed New Zealand Herald.
 - Investment in The Radio Network of New Zealand, the country's largest radio network, operating 56 radio stations, which commands some 60% of the radio advertising market.
- South Africa**
 - Country's leading newspaper publisher with 51% of total newspaper market.
 - Pre-tax profits grew 31%.
 - Publishes 15 daily and weekly newspapers with an aggregate weekly circulation of 3.76 million copies.
- Australia**
 - Largest regional newspaper publisher with 13 daily and more than 50 non-daily titles.
 - Expanded its radio interests during the year to become the largest broadcaster in Australia.
 - Subsequent to year end, increased its interest to 51% in Cody Outdoor, Australia's largest premium transit outdoor advertising agency, and acquired Australian Posters, the outdoor advertising division of 3M Australia.
- France**
 - Record profits at Sirocco, with national advertising revenues growing at more than double the industry average.
 - Continued development at Sirocco International, a 50/50 venture with Havas Media Communications, the largest outdoor advertising company in France.
- Portugal**
 - Increased interest to 16% in Jomageste, the leading national newspaper and commercial radio group.
 - Increased circulation of titles representing 48% of national daily newspaper circulations.

FINANCIAL HIGHLIGHTS

| | 1996 | 1995 | Change |
|------------------------|-------|-------|--------|
| Turnover | 419 | 368 | +14% |
| Operating Profit | 67 | 49 | +36% |
| Profit before Taxation | 73 | 50 | +47% |
| Earnings per Share | 16.5p | 14.5p | +14% |
| Dividends per Share | 6.9p | 5.8p | +18% |
| Shareholders' Funds | 395 | 287 | +37% |

INDEPENDENT NEWSPAPERS, PLC
Full financial statements for the year ended 27 December 1996 will be delivered to the Registrar of Companies and carry an unqualified Audit Report. Copies of the Report may be obtained from the Secretary, Independent Newspapers, PLC, 1-2 Upper Hatch Street, Dublin 2.

Husband and wife team quit Country Casuals board

Nigel Cope
City Correspondent

Mark and Christina Bunce, the husband and wife team who have been considering a possible bid for Country Casuals, resigned from the board of the troubled womenswear retailer yesterday. However, they said they were still interested in making an offer.

The latest twist in the company's fortunes came as Country Casuals announced the sale of its two loss-making subsidiaries, the Lerose manufacturing division and the Elvi stores chain, which sells clothes for larger women. Both divisions have been sold to their respective management teams for nominal sums. Country Casuals will take a £5m charge on the deals.

Mark Bunce, who was chief executive, and his wife Christina, who was merchandise director, will remain as employees of the business and still hold executive positions within the company. Andrew Mills-Baker, finance director, will assume the role of chief executive. Mr and Mrs Bunce were both on 12-month contracts but it is not yet clear if they will leave the company or choose to work their notice.

Country Casuals has experienced a volatile recent history. It was the subject of a hostile bid in 1995 from John Shannon, the then chief executive. That 140p per share offer was rejected. Last night the company's shares closed 2.5p lower at 111.5p.

Asked if the turbulence the company had experienced was now on the wane, the embattled Mr Mills-Baker replied: "Who knows?"

He was speaking after the company's annual meeting yesterday. Mr and Mrs Bunce both attended the meeting but did not take a seat on the podium or ask any questions.

Tom Adam, chairman, said: "The proposed agreements to sell Elvi and Lerose Manufacturing provide the group with a clean and immediate break from all costs and liabilities relating to the employees of the two businesses and all but two of Elvi's retail leases. This will allow the group to focus entirely on its successful Country Casuals format and to build shareholder value without distraction."

Country Casuals also issued a statement on current trading yesterday. It showed that like-for-like sales in the core Country Casuals business were 9 per cent ahead of the same period last year. The company said customers had responded positively to the "New Mood" concept being introduced to the stores.

A major part of this under-performance is the company's great size, which makes it an unwieldy beast to manoeuvre. Another is that it has not delivered the earnings growth the market has expected.

Even so, within yesterday's record £1.1bn profits for the year to 31 March the UK business increased profits by £30m last year, which is no mean feat.

Diversification pays off for M&S

THE INVESTMENT COLUMN

EDITED BY NIGEL COPE

Shares, down 16p to 493p yesterday, trade on a forward rating of 17. With the City running scared of certain retail stocks such as Argos, Burton and the friendless Storehouse, M&S remains a solid hold.

Royal & Sun looks to cut costs

Perhaps not surprisingly, the underlying trading messages to emerge from Royal & Sun Alliance's first-quarter results were pretty much in line with last week's from General Accident and Commercial Union. Recovery from last year's harsh winter in the US, motor premiums edging upwards at home offset by a nasty rise in subsidence claims, and good growth in the long term life assurance operation.

That led to a 24 per cent increase in operating profit (the key measure for the sector) from £157m to £195m, with general insurance chipping in £135m and the smaller life arm £54m. Earnings per share rose from 7.2p to 8.3p, leaving a forecast 10 per cent rise in the dividend for the year as a whole well on track.

Royal & Sun is a different animal from its peers, however, thanks to last year's £60m merger. Unlike the other two it has great scope for cost-cutting and is relatively over-capitalised, which means surplus funds can be handed back to shareholders through buy-backs. The first of those, of 15 million shares, or 1 per cent of the company's capital, happened yesterday and more will follow before July.

The slide in the shares, by 8.5p to 481p, was a reflection of some impatience that the buy-back was not announced with the results. It also follows a strong run-up in the shares over the last year to a point where they stand at a sizeable premium to net assets, traditionally the benchmark for composite insurers.

Shareholders' funds nudged up during the quarter from 399p to 411p and they have since moved ahead to 427p thanks to strong markets. At that level the shares stand at a 12 per cent premium, not as highly rated as GA and CU but demanding by the standards of the discount the market expects to compensate for the volatility of general insurance. The key for Royal & Sun is the extent to which it can cut costs faster than the £175m a year it promised at the time of the merger. By

yesterday, savings were running at an annualised £44m and most analysts agreed that the promised rate should be easily matched by next year.

If the City wants to the idea that composites should be given more credit for the steady growth of their better quality life assurance profits, the shares, on a prospective dividend yield of 5.5 per cent, could still have a little way to go. Fair value.

Optimism justified at Jarvis Porter

Jarvis Porter's full-year figures look rather alarming on the surface. Pre-tax profits for the year to the end of February fell 30 per cent to £10.2m even before the label printer's £2m reorganisation provision. Sales growth was just 5 per cent at £95.4m and margins slumped from 16.1 per cent to 13.2 per cent before acquisitions. Hardly positive, yet the market edged the group's share price up 1p to 205.5p.

Cautious optimism looks justified. For a start these figures reflect a number of one-offs. The loss of a contract supplying video labels to 3M and de-stocking at Guinness prior to the re-launch of its Johnny Walker whisky brand cost Jarvis around £2m. The group was also hit when one of its highest pan-European customers tightened the price terms on a contract to print toiletries labels mid-year.

More importantly, while Jarvis still needs to improve costs and efficiency, it is a significant player in some specialised markets. Size is important in the label world where multinational customers are increasingly centralising sourcing and cutting out smaller suppliers. Jarvis is mainland Europe's biggest label supplier, though it has just 5 per cent of a £2bn market.

Jarvis is seeing the benefits - overall sales volumes rose 10 per cent last year and in the toiletries side volumes were up almost a fifth. Though the downside is falling prices - customers are paying their favoured suppliers less for their business - Richard Brewster, Jarvis' chief executive, is making tough statements on costs.

Unlike label groups like Ferguson which supply to commodity markets like textiles and food where there is fierce competition, Jarvis is well positioned in more hi-tech markets like branded drinks, drugs and, following its acquisition of Dooprint, in the fast growing computer market. Margins there are a juicy 15 per cent. The group still has plenty to do, though. A quarter of its business in the commodity toiletries labels market is too much. The computer side looks much better, and Jarvis is likely to consolidate its position with another significant acquisition this year.

This is a tough market, where pressures on margins will continue. However, on analysts' forecasts of around £14.3m for the year to 1998, the shares trade on a forward price/earnings ratio of 11. This looks on the cheap side, given that Ferguson trades on nine times this year. Worth a gamble.

Kingfisher buys Dutch retailer

Clifford German

Kingfisher, the Woolworths and B&Q group, has acquired a Dutch electrical retailer for £33.6m in cash.

BCC Holding Amstelveen is a privately-owned chain of 17 electrical retailers in the Amsterdam/Rotterdam area. It was formed in 1969 and has grown steadily to second place among electrical retailers in the Netherlands, controlling about 5 per cent of the national market in domestic electrical goods. It employs over 400 staff.

Through a small purchase, the BCC deal is part of Kingfisher's strategy of developing a powerful electrical retailing division in western Europe. It follows the purchase of Vanden Borre in Belgium last year and the larger acquisition of Darty, the French-based chain, in 1993. Kingfisher also owns a 26 per cent stake in But, a French electrical and furniture stores group.

BCC's turnover in the year to the end of March was £77.8m while pre-tax profits were £2.5m. "BCC is a well-managed company with good growth opportunities which will continue to be run by its successful management team and will benefit from being part of a leading European Group", Philippe

Frances, chief executive of Kingfisher Electrical Retailing, said yesterday. There are, however, no particular synergies and no master plan to channel standard products through the outlets. A BCC spokesman said the deal would allow the company to grow more rapidly.

Earlier this year Kingfisher signalled its intention to expand its interest in Europe in DIY with the appointment of Jim Hodgkinson, formerly chief executive of the DIY subsidiary B&Q, to the post of chairman of Kingfisher DIY. Other appointments at the same time signalled the development of long-term strategies for the group. "This acquisition carries forward one strand of our strategy for growth in Europe," Mr Frances said yesterday.

Kingfisher has also opened a branch of B&Q in Taiwan and is keen to expand its DIY interests in the Far East. Its has established an Asian division and is investing in training classes for locals in an attempt to convince them of the virtues of home decorating and DIY improvements.

Shares in Kingfisher fell 7.5p to 699.5p in line with the market yesterday.

Booker division in buyout

Clifford German

Booker yesterday sold its prepared foods division for £57m in cash to Prize Foods Group, a buyout team led by David Sims and Michael Russell. The two men were respectively chief executive and finance director of Nurdin & Peacock, the cash and carry business that Booker took over last year.

The buy-out team is backed by 3i, which is providing £29m of equity, and Robert Fleming, the merchant bank, which is providing debt and working capital. The consideration includes £48.1m in cash, £6.9m in debt and £2m in tax liabilities.

The five businesses in the package are WA Turner of Tunbridge Wells, which makes own-label pies and sausages for supermarkets; Buckingham Foods, which makes own-label sandwiches in Milton Keynes and Tamworth for retailers; Headland Foods, which makes own-label ready meals for retailers; TMI foods of Northampton, which supplies cooked bacon to food manufacturers; and Salaisons le Vasin in France. They had a combined turnover of £141.7m in 1996, and made an operating profit of £6.3m.

Marks & Spencer : at a glance

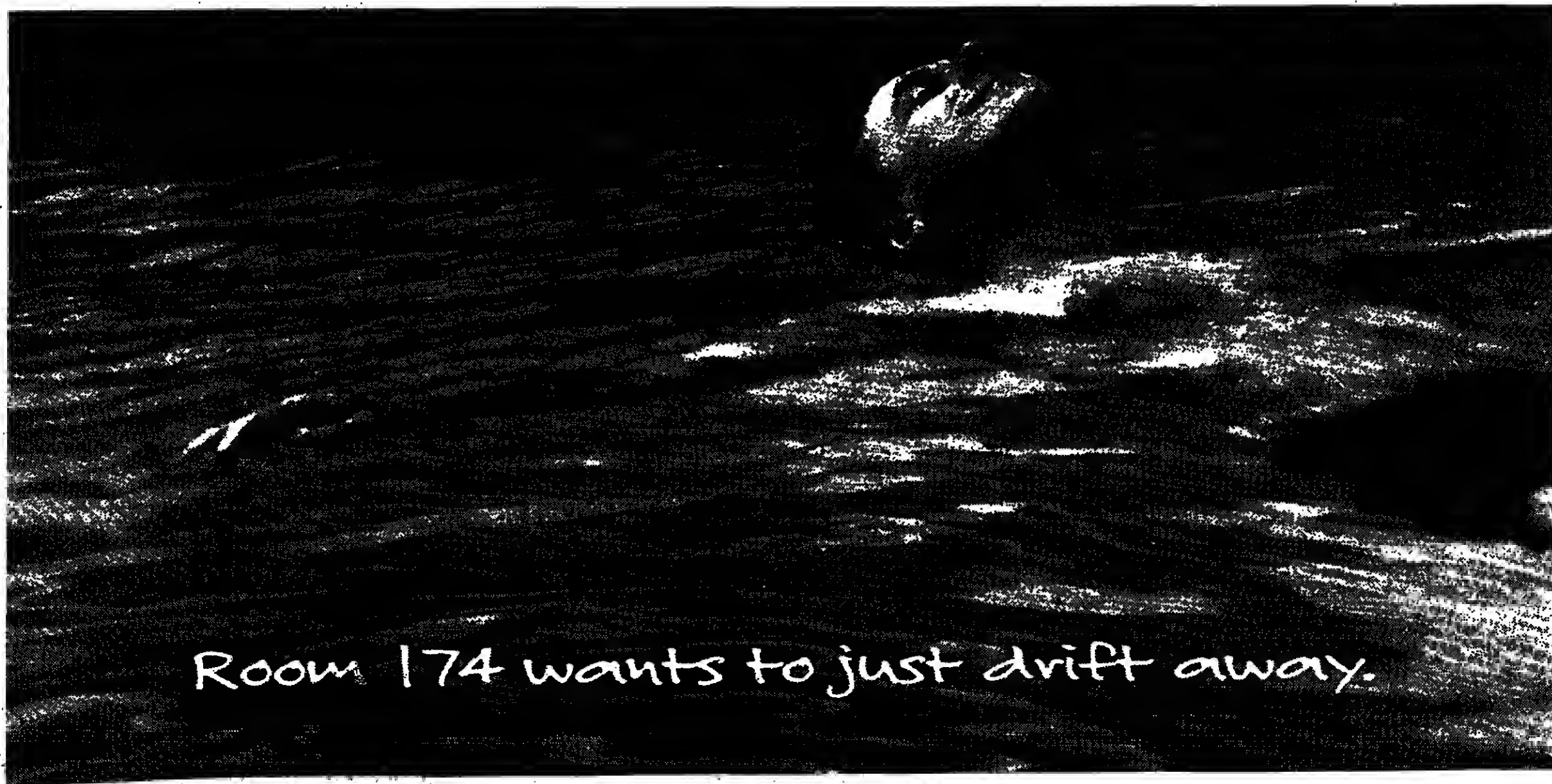
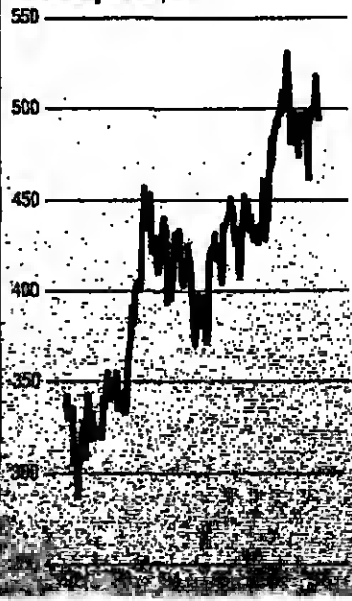
Market value: £14.0bn, share price 493p

| Five Year record | 1993 | 1994 | 1995 | 1996 | 1997 |
|-----------------------------|-------|-------|-------|-------|-------|
| Pre-tax profits (£m) | 736.5 | 851.5 | 924.3 | 985.8 | 1,102 |
| Dividends per share (pence) | 8.1 | 9.2 | 10.3 | 11.4 | 13.0 |

UK sales, increases on last year (%)



Share price pence



Room 174 wants to just drift away.

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Rover chief warns against delaying entry into EMU

Michael Harrison

The chairman of Rover, Dr Walter Hasselkus, yesterday joined the growing ranks of senior industrialists warning the Government against delaying Britain's entry into economic and monetary union.

Dr Hasselkus, who is also a main board director of Rover's parent company, the German car-maker BMW, said that if the pound failed to enter in the first wave then it could be trapped into going to an unsustainably high level, causing huge damage to British exports and jobs.

The Rover chairman also warned that this could force BMW to shift some of the £3.2bn that Rover spends each year with UK suppliers to overseas companies.

Criticising the way the previous government had dithered over its policy on Europe, Dr

Hasselkus said: "If Britain waits another two or three years it may be in a situation where we have a major difficulty negotiating a lower entry figure for the pound."

He said that an appropriate level for the pound to enter would be between 2.20 and 2.40 German marks compared with its current level of DM2.80.

The fear among industrialists is that if Britain remains outside EMU then the pound will be kept artificially high by currency speculators. A Rover spokesman said that if this was the case then it would have to source more components outside the UK.

At present Rover spends £4bn a year on components - 80 per cent of which are sourced from UK suppliers - and provides work directly and indirectly for 80,000 people.

Rover said that the other

commitments it was looking for from the new Labour government were a consistent transport policy which encouraged more sensible use of cars but not at the expense of slashing the road building programme. The company also said it wanted to see more investment and support for training, particularly in engineering, where Britain was not as advanced as Germany.

Dr Hasselkus said Rover was negotiating an extension in the New Deal agreement with its workforce which would feature a three-year pay and productivity deal. Blue Circle Cement announced a similar agreement with its 2,200 production workers last year.

But Dr Hasselkus quashed rumours that BMW was unhappy with the performance of the Rover car business or that it was considering developing

new models jointly with the US car maker Chrysler.

He said BMW was sticking by its forecast that Rover would make a profit under German accounting rules in 2000, by which time it would have invested £3bn in the business.

"There are no plans to have co-operation, joint ventures or mergers with any other company," he said. BMW is building an engine plant in Brazil with Chrysler that will manufacture the engine for the new Mini. The plant will produce a total of 400,000 engines a year for Rover and Chrysler cars.

Rover is investing £600m a year in new models. It will launch a new small Land Rover, the Freelander, this September at the Frankfurt Motor Show, and a new version of the Discovery next year along with the replacement for the Rover 600 and 800 series.

M&S counting on success after Cantona for Sir Richard the Red

PEOPLE & BUSINESS

Sir Richard Greenbury has always been a Manchester United fan first and chairman of Marks & Spencer second. So how would Sir Dick handle Eric Cantona's shock retirement?

"Cantona was one of the greatest players ever," the chairman tells me, with a catch in his voice. Bravely, he continues: "Earlier this year the papers were saying that Cantona was not as good as he was. Now they're all asking: 'How is United going to replace Cantona?'"

A number of Mr Greenbury's fellow directors are relieved, however, that the Boss seems to have taken the news reasonably in his stride. One said: "It would be better for all of us if United's success story doesn't falter."

Just so. As Sir Dick puts it: "I'm terrible to live with if we lose."

BZW boss Bill Harrison can comfort himself with the fact that following the recent departure of hordes of analysts from BZW, one group of loyal employees called "the Scottish desk" were moved to hold a "Staying Party." Because they were staying, not leaving.

In another sense they were also leaving - to go to BZW's shiny new offices in Canary Wharf, down Docklands way.

While BZW grapples with staff departures, SBC Warburg strides on ward and upward into the heady realms of snail racing.

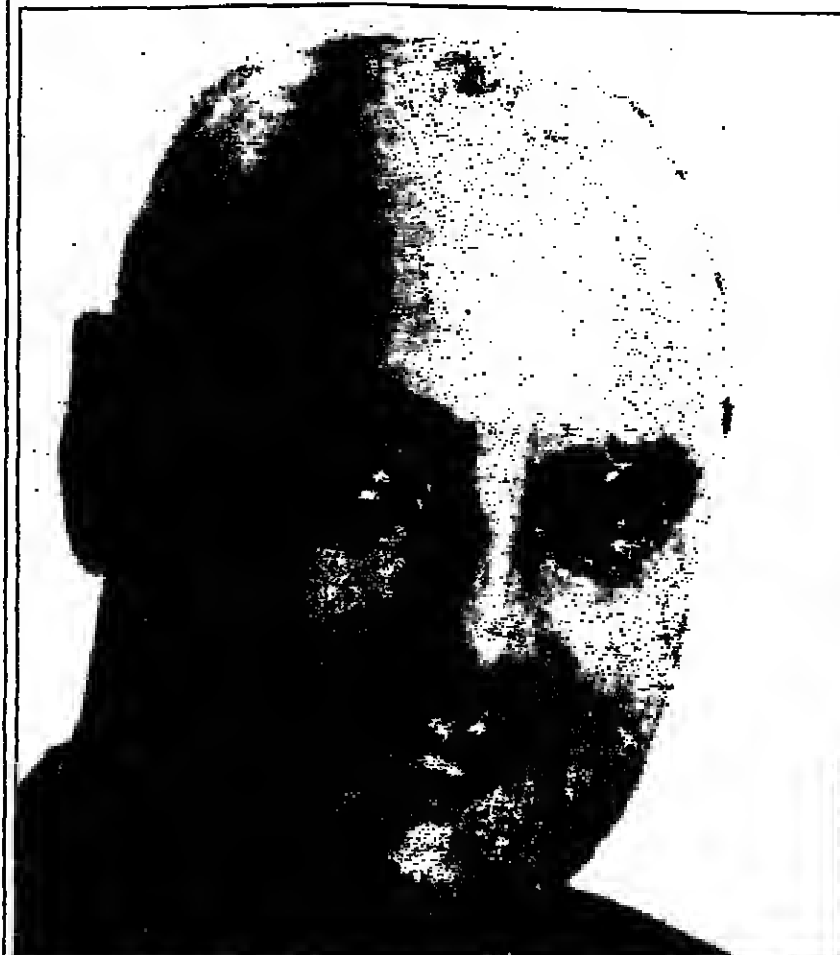
David Ruck Keene, a long-time Warburger and currently executive director for equities client development, came first on Monday night in the Fitou "Leadership Steaks" with his thoroughbred mollusc, "Hague".

Fitou, the French wine-making region, held four snail races in central London, including the "Upturned Bottle Handicap", the "Flat Earth Hurdle" and the "Channel Tunnel Sprint". But it was the "Leadership Steaks" which caught the imagination of onlookers, since it included six snails named after the competitors for the Tory leadership.

Sadly, Mr Ruck Keene wasn't there to see the youthful Hague romp to victory. Fitou tell me a good flow of mucus is vital to a snail's pace, while "beer impedes performance." The young snail covered the "Channel Tunnel" course, a scaled down version of Dover to Calais, in 6 minutes, 45 seconds.

Fitou commented: "Lilly came a creditable second and Howard (cautained for overuse of the whip) a slightly distant third. Dorrell, who had shown early speed, was originally placed third but disqualified by the stewards for interfering with other runners."

"Redwood never left the stalls and Clarke hung too violently to the left, a dietary imbalance being, according to his trainer, a possible problem."



Firstly a fan: Sir Richard Greenbury is 'terrible to live with' when Man Utd lose

UBS has snatched Gregg Sanda from Morgan Stanley to head up its European Financial Institutions Group. Mr Sanda joins in June and will be joint head of the Group along with Alan Banks.

Mr Sanda has been heavily involved in the consolidation of financial companies in the last few years, having advised on the sale of Bristol & West building Society to Bank of Ireland and the acquisition of TSB by Lloyds Bank.

Prior to joining Morgan Stanley Mr Sanda, who has a biochemistry degree from Harvard and an MBA from Chicago, spent 12 years at Merrill Lynch. Looking at his track record, I'm sure Mr Sanda will be running his slide rule over the newly converted building societies. What am I hid for the Woolwich?

It's fair to say that the Prime Minister of Malaysia, Mahathir Mohamed, has not always had a happy relationship with this

country (don't mention the dam). All the better then to hear that he will address a galaxy of City fund managers and heavyweights this lunchtime in order to drum up investment for Malaysia's "Multimedia Super Corridor".

Although the PM is on holiday for two months, he's taken a break from his relaxations to address people from the likes of Henderson, Gartmore, Hermes, Mercury Asset Management and Schroders.

The reason is simple; the Corridor, which was first announced in 1995, is intended to attract investment and companies from all over the world in Malaysia, in the process creating a world-class cluster of media businesses.

Rupert Pennant-Rea, chairman of Caspian Securities, will be hosting the lunch at Lincoln's Inn. Don't forget to take your cheque book.

John Wilcock

CIA set for £15m acquisition

Cathy Newman

CIA Group, Europe's second largest independent media buyer, is understood to be close to filling a gap in its international network with the £15m purchase of a Scandinavian media buying company.

The acquisition, which could be announced by the end of the week would be the company's biggest to date and be funded mainly through a placing of shares with institutions.

A hint that a deal was close to being struck was given last month by Chris Ingram, executive chairman, who said CIA could spend up to £100m on acquisitions over the next four years.

The agency needs to grow rapidly to avoid the risk of being swallowed up by rival advertising networks, as the media buying market continues to consolidate.

Mr Ingram, who has been at the helm of CIA for 21 years, would not comment on details last night, but he did not deny that acquisitions were in the pipeline.

The move would hasten the completion of the company's international network, enabling CIA to service multinational clients. However, the group still needs to address its absence in the American market, as well as plugging holes in the Far East.

City analysts have been expecting news of international expansion for some months. James Capel recently replaced Merrill Lynch as CIA's brokers, a development which some look to indicate that corporate activity was imminent.

CIA recently announced a drop in profits for 1996 from £6.68m to £4.92m, entirely due to a £1.8m settlement the company had to make with several ITV companies. The dispute was over an alleged shortfall in CIA clients' spending with the ITV companies.

Although company insiders stressed that some cash would be used to pay for the Scandinavian deal, the majority of the

funding would be provided from a placing of shares.

A restructuring of the board earlier this year was in part preparation for acquisitions. Mr Ingram became executive chairman, and David Reich, former non-executive chairman of the group's European operations, became chief executive.

CIA posted billings of over £1bn last year, and won several new clients such as Swatch, Shell and Lever.

Mr Ingram said recently that he hoped CIA would be one of the top six media buyers by the start of the next millennium. To achieve his goal, the agency would need to quadruple its billings.

IN BRIEF

Calortex hits out at Gas price cuts

One of the leading independent gas supply companies called on the Government to intervene yesterday to prevent the industry regulator from approving selective regional price cuts from British Gas. Calortex, the joint venture between Calor and Texaco, told John Battle, Energy Minister, that domestic gas competition could fail if the cuts are allowed to continue. Centrica, the demerged British Gas supply group, has cut between 6 and 12 per cent off bills in the South West of England after it lost 20 per cent of its customers in the first competition trial. Clare Spottiswoode, the regulator, is expected to pronounce on the cuts this week, with many rival suppliers to British Gas suggesting she will allow them to continue. Calortex called for an urgent meeting with Mr Battle to put its case.

£100m of contracts go to Mercury

Mercury Communications, part of the recently merged Cable & Wireless Communications group, has won two government contracts worth £100m over five years. The Central Computer and Telecommunications Agency, an arm of the Office of Public Service, awarded contracts covering voice, data and mobile services. The department is responsible for giving advice on computing and telecom services to government.

Merger to create Italian banking giant

The foundation that controls Cariplo, Italy's largest savings bank, has voted to open merger talks with Banco Ambrosiano Veneto, which could create the country's largest banking group. Giuseppe Guzzetti, chairman of the foundation, said that its 18-member board had voted in favour of the talks. He said he would be happy if a formal draft between the two groups could be drawn up by 30 June.

Dai-ichi bank raided in Japan

Prosecutors in Japan raided Dai-ichi Kangyo Bank as the Nomura Securities scandal threatened to engulf some of Japan's top corporations and politicians. Agents from the Tokyo Public Prosecutors Office searched for evidence that the bank loaned more than £16m to Ryuzichi Koike, who is accused of being a racketeer. Mr Koike allegedly used some of the money to buy stock in Nomura and then - according to a criminal complaint - extorted more than £244,000 from Japan's largest brokerage by threatening to disrupt its 1995 shareholder meeting.

British Land raising £300m

British Land is issuing £300m of senior unsecured convertible bonds due 2007, underwritten by SBC Warburg. The bonds will bear interest at a rate in the range of 6.25 to 6.5 per cent. The majority of the proceeds of the issue will be used to finance the company's current acquisition programme, but, contrary to weekend press reports, not a takeover bid for MEPC, the rival property company. There are no new strategic acquisitions of major significance to the group currently in progress, the company added.

Argent Colour bought by Wyndeham

Wyndeham Press Group is to acquire Argent Colour for a total £8.6m and will assume £1m of debt on completion. Wyndeham said it believed the acquisition "should be earnings enhancing". Argent Colour supplies pre-press services, principally for the consumer magazine market. Wyndeham said it also expected to announce preliminary results which will "comfortably meet market expectations".

Pittencreeff takeover called off

Shares in Pittencreeff Resources, the oil and gas exploration company, dropped 10p to 45p on news that it had ended takeover negotiations with Gothic Energy Corp "by mutual agreement". No merger discussions are in progress with any third party and Pittencreeff is no longer actively seeking a corporate partner. The company said trading during the early part of 1997 had been strong, with first quarter pre-tax profits seen at more than £1m compared to £1.7m for the whole of 1996.

Losses slashed at Videologic

Videologic Group, maker of multi-media technology, cut losses from £7.52m to £1.54m in the year to 31 March. Geoff Shingles, chairman, said that the royalty stream based upon the company's silicon designs commenced on time. "Its magnitude will build this year, but last year it started more slowly than expected." He said that, "with the support and commitment from our partner NBC Corp. PowerVR has begun to make an impact as a commercial 3D technology".

London Clubs says takeover 'not vital'

Clifford German

A successful takeover of Capital Corporation was not vital to the future of London Clubs, said Alan Goodenough, chief executive of the casinos company, yesterday.

Margaret Beckett, the President of the Board of Trade, is expected to give her verdict on the bid in three months' time, after reading the recommendation of the Monopolies and Mergers Commission, which should be complete by 7 July. Representatives from the two companies both gave evidence to the MMC on Monday.

The outcome of the bid fight, however, could be complicated if London Clubs is given the green light. This could then lead to counter-offers for Capital being launched by other rivals, such as Ladbroke, which could then trigger a further monopolies investigation.

And London Clubs would also certainly have to raise its bid terms if the Department of Trade and Industry gives it the go-ahead to relax its offer. Its shares rose 5.5p to 396.5p yesterday, which values its previous all-paper offer at 186p per Capital share. Capital gained 0.5p to 190.5p.

London Clubs yesterday reported a 6 per cent rise in profits to £35.2m for the year to 30 March, after absorbing the costs of the bid, which have reached slightly more than £1m in date. Turnover was up 7 per cent and operating profits by 9 per cent to £37.5m, helped by strong trading in February and March which more than offset a lull in October and November.

Earnings per share before the bid costs rose 12 per cent to 16.8p and the final dividend of 5.63p makes 8.25p for the year, an increase of 6.5 per cent.

The strength of sterling and the underlying UK economy have little impact on the high-rollers who still account for 64 per cent of the group's profits, but the profit margin at the Ritz Casino fell to the mid-teens from its normal 20 per cent as luck favoured the punters.

The seven UK casinos still contributed over 95 per cent of profits but the overseas business is growing strongly.

Pioneer of needle-less injections to float

Sameena Ahmad

Powderject, a pioneer of the needle-less - and, it promises, painless - injection, yesterday became the latest biotechnology group to detail plans for a UK stock market listing.

The group's novel system uses a helium gas jet to push powdered drugs through the skin at three times the speed of sound. Dr Paul Drayson, chairman, said: "It's completely painless because it doesn't distend the tissues. All you feel is the slight pressure of the gas on your skin. There is no bruising or bleeding."

One of the key uses for the system will be drugs for male impotence. "This is obviously a lot kinder than an injection", which Powderject hopes to launch by 2000. Chiroscience is

company said the technology was also targeted at the dental market, treating children and for conditions like diabetes where injections are frequent. The group is also working on applications for flu and hepatitis vaccines.

Powderject which published its pathfinder prospectus yesterday, already has several collaborative deals with pharmaceutical companies keen to use its technology to improve the delivery of their drugs.

The group's most advanced product is part of an alliance with UK biotech group Chiroscience. Both are developing a needle-less delivery system for Chiroscience's local anaesthetic which Powderject hopes to launch by 2000. Chiroscience is

funding all the research costs and will share any sales equally with Powderject.

Powderject, which was founded in 1993 to commercialise research carried out at Oxford University, expects to list on the main market in June, valued at around £110m. It is raising £35m of new money to fund further research and buy out a minority stake in a US gene vaccine company.

Management currently own 60 per cent of the company, and this will be diluted to around 40 per cent after the flotation. Dr Drayson said none of the directors were selling shares and their options were locked in for two years. He said the group expected to spend considerably more on research after the flotation.

Change to Interest Rates.

With effect from the start of business on 21st May 1997 the following Business Cheque and Deposit rates are applicable to the accounts set out below:

Rate per Annum
GROSS % GROSS %
C.A.R. %

Business Interest Cheque Account

| Instant Access Cheque Account | | |
|-------------------------------|------|------|
| £250,000+ | 3.20 | 3.24 |
| £100,000-249,999 | 2.95 | 2.98 |
| £50,000-99,999 | 2.45 | 2.47 |
| £10,000-49,999 | 2.10 | 2.12 |
| £2,000-9,999 | 1.70 | 1.71 |
| £1-1,999 | 1.20 | 1.21 |

Schools Banking Account

| | | |
|--|------|------|
| | 4.50 | 4.58 |
|--|------|------|

Capital Reserve Account**

| | | |
|------------------|------|------|
| £250,000+ | 5.05 | 5.15 |
| £100,000-249,999 | 4.75 | 4.84 |
| £50,000-99,999 | 4.35 | 4.42 |
| £10,000-49,999 | 4.05 | 4.11 |
| £2,000-9,999 | 3.65 | 3.70 |
| £1-1,999 | 3.65 | 3.70 |

Practice Call Account

| | | |
|--|------|------|
| | 4.75 | 4.84 |
|--|------|------|

Designated Clients Account

| | | |
|----------------|------|------|
| £100,000+ | 4.75 | 4.84 |
| £50,000-99,999 | 4.50 | 4.58 |
| £10,000-49,999 | 4.25 | 4.32 |
| £2,000-9,999 | 2.75 | 2.78 |
| £1-1,999 | 1.25 | 1.26 |

Business Call Account

| | | |
|-----------------|------|------|
| £250,000+ | 3.55 | 3.60 |
| £50,000-249,999 | 3.35 | 3.39 |
| £10,000-49,999 | 3.00 | 3.03 |
| £1,000-9,999 | 2.70 | 2.73 |
| £1-999 | 2.45 | 2.47 |

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*Before deduction of income tax at the lower rate.

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sport

McGrath profits from sweat and perseverance

With this year's Ashes series still to get underway, Glenn McGrath is probably not the English housewife's favourite Aussie. That accolade, for the moment at least, belongs to Shane Warne - he of the blond thatch and ripping wrist. Yet all that may be about to change, as McGrath, a man almost unknown in these parts until his repeated scuttling of Brian Lara, takes on England's batsmen as the undisputed leader of the visitors' pace attack.

Australia have always loved their fast men, lauding them like other countries laud footballers and pop stars. And yet McGrath, despite taking 100 wickets in just 23 Tests (one more than it took Dennis Lillee to reach the same milestone) was not as revered as his record might suggest.

For that reason, the Lara episode is instructive. In six Test innings last winter, McGrath dismissed the left-handed Trinidadian five times, a feat that at last brought him to the notice of those unused to fawning over sweat and perseverance as methods of success.

But if he had never wilfully drawn attention to himself in the past, the rangy bowler did not eschew it now, even going public to explain to anyone who would listen just how he had managed to do it (the world's seam bowlers were all ears, apparently).

Like all plots it was hardly revelatory, and was hatched after something he had spotted in passing rather than by a think-tank sporting shorts and heavy moustaches, huddled round a barbie.

The outcome was that McGrath would bowl around the wicket to cut off Lara's scoring options, which is not as simple a strategy as it sounds, though one the tall bony bowler known as "Pigeon" executed to perfection. Then, when he sensed Lara's frustration reaching boiling point, he would toss him something juicy to hit outside the batsman's off stump, and Lara would either edge it behind or carve it to gully.

But wasn't he surprised that such a simple plan had turned the world's most talented batsman into a serial sucker? And why hadn't Lara, given his experience, worked out that someone had worked him out?

"Brian's a proud man although I think he began to believe I had it over him, especially after I went public and the press avalanche over it. However, his pride dictated that he had to keep going for his shots simply in order to disprove what was happening."

Such unflinching confidence appears to be endemic in Australians, who adapt far quicker to pressure situations than their English equivalents. Take for example Australia's tour of the

Derek Pringle talks to the country boy set to lead the Australian bowling attack this summer against England

West Indies two years ago, when McGrath, now 27, was fourth-choice seamer behind Craig McDermott, Damien Fleming and Paul Reiffel. Before a ball had been bowled in anger, McDermott and Fleming were forced home through injury. Suddenly the Pigeon was thrust into the hottest seat in the cauldron - which ended up as the finest seat in the house, with McGrath the leading wicket-taker as the mighty West Indies were finally toppled from power.

Once again the Aussies had managed to fill a potential chasm in their pace attack. McGrath, sensing his opportunity, had performed as if to the manner born.

"Well, I'd only played six Shield games before playing my first Test, so I guess I knew

'I'm not really sure why I did what I did, but looking back now it does seem bloody cool'

what the deep end was like. I've always wanted to be the No 1 pacer, the guy 'Tubby' [Taylor] looks towards to make the breakthrough or howl the bulk of the overs. It's how I prefer it."

Surprisingly, perhaps, to those lamenting the dearth of bowling talent in this country, his success has been based on the English formula of accuracy and upright seam, albeit one delivered with typical Aussie hostility and a willingness to bowl all day. In fact there is rarely anything so mystical as swing. Just a precise marriage of thought and deed, performed at a pace a level below such express trains as Waqar Younis and Wasim Akram.

"I've always been a straight bowler, which is a handy thing to fall back on" - something Darren Gough struggles with on occasion, and why, when things are not going his way, he can be just a tad expensive. "I don't try to bowl flat out every delivery as I find it's just as effective to have a quicker ball in the armoury as a slower one. I'm learning to be more patient, but bowling can be a frustrating business."

With rain and sluggish pitches dogging the tourists' every move, he has not exactly found the going easy on this tour yet, and has struggled for wickets. But then, as those who watch him most will reveal, he is a no-

toriously slow starter, who, before this tour began, had only bowled seven overs in English conditions - seven more, it has to be said, than his 21-year-old new ball partner, Jason Gillespie.

To counter that inexperience, he sought the ear of Tony Dodemaide, an Australian bowler who recently played for Sussex, as well as those of Taylor and Steve Waugh, both undertaking their third Ashes tour.

"Tony's advice was to howl a fuller length and commit the batsman forward. He also pointed out the changes Merv Hughes made from the way he bowled two series ago [19 Test wickets] to the way he bowled last time [31 Test wickets]. If I can get close to that I'd be very happy. Mind you," he adds with a grin, "I reckon I'll still be testing out the pitch to see if there is any bounce in it."

Remarkably - something all bickering county chairmen should take note of - McGrath played just a single Shield game for New South Wales last season. "Generally it's optional and left down to the player. But with the amount of international cricket we play these days, State cricket doesn't get much of a look in."

He has clearly come a long way, for the luxury of picking his games would have simply had no truck with a country boy like McGrath, brought up on a sheep and wheat farm in Narromine, a small town in the depths of the New South Wales bush.

Trapped between the Blue Mountains to the west of Sydney and the scorching red interior, it is a place where everyone is on first-name terms and pig shooting is all the rage, though many say the shooters are wilder than the pigs.

Not, you might think, the sort of place in which to find potential Test cricketers. And yet country towns have produced many of Australia's finest, including, as it happens, the current captain, Mark Taylor, and his opening partner Michael Slater, both of them hailing from Wagga Wagga.

In fact, McGrath first came to notice as an 18-year-old, when Doug Walters, the larrikin former Test batsman, played against him in a Toowoomba match in Dubbo.

"I bowled pretty well," McGrath remembers. Strangely, however, even for a fledgling Antipodean quick, he does not recall trying to knock the maestro's block off. "I took it easy on him. I certainly didn't try to kill him," he says. "At least not that time anyway."



Glenn McGrath has taken 100 wickets in 23 Tests for Australia - one more Test than it took Dennis Lillee to reach the same mark

Whatever he saw, Walters did not keep it to himself. Within weeks McGrath had received two letters from Steve Rixon, then player-coach at Sutherland, a Sydney grade club, and now New Zealand coach. So down to the smoke he went to spend the next 13 months pursuing his dreams of becoming a cricketer, an ambition that necessitated living on his own in a caravan and moving up through the grades with Sutherland.

"It was the first time I'd been away from the country, he recalls. "It was a bit of a struggle but I got through it. I went down there with the intention of one day playing for Australia. The lure of that was simply too strong to get homesick. I'm not really sure why I did what I did, but looking back now, it does seem bloody cool."

He also knows what it will take to keep his slender 6ft 4in frame at the top, and he has hired a personal trainer to "lessen the chances of injury". By using weights, sometimes as often as five times a week (Doddie Cork pleases take note), McGrath has increased his bulk from 12st 10lb to 13st 5lb and has so far managed to keep both serious injury and anti-inflammatory tablets at bay.

"I just love taking wickets. It's my incentive for playing cricket. Fortunately I don't need much to get me in the mood. I just see that batsman down the other end. That's usually enough."

Double act of the brothers with attitude

Cricket

They share more than 20 nicknames, most of them exotic, and genuinely cannot wait for both the verbal and physical battles of an Ashes summer to start.

Tough, uncompromising, highly talented and with a mission to make their mark in the new-look England set-up, the brothers Holloake yesterday gave a demonstration of the super-competitive attitude and spirited sense of fun which England's selectors believe can help surprise the Australians this summer.

Adam and Ben, in a knock-about press conference following England's practice at Headingley, claimed they rarely have anything nice to say about each other.

But they both laughed off suggestions that the Aussie players would knock them off their confident stride with insults about deserting their Australian background.

Kent's Perth-raised fast bowler Martin McCague was repeatedly called "traitor" by Mark Taylor's team in his three Tests against them, after being labelled "the rat who joined the sinking ship" in an Australian newspaper.

Adam, 25, has an up front attitude well-known to Australian players following last winter's England A tour Down Under, which he led with great success. He said: "I was pretty bad when I first started playing, and I regret a few things. But if someone has a go at me then I'm not shy about giving it

back. The Aussies like having a word, but that's their culture. I often do things to wind people up."

Ben added: "There's three things you can do. You can ignore it and let them concentrate on that and not their game which is my way. You can get fired up, which is Adam's way. Or you can crack up under it."

Their whole upbringing, though, has been in an ideal atmosphere of competition. The many nicknames, too, reveal a bouncy, hard-edged approach to life.

"We like having a pop at each other, and at those around us," Adam said. "We give out nicknames and end up with a lot ourselves. Off the field we rarely say anything nice about each other."

"We are into each other all the time, always hating each other. On the field, too, we can get each other up a lot."

"We compete at everything we have. The arguments we have had when we've been playing computer games. But the table tennis matches when we were growing up were the worst."

Ben added: "I reckon we never finished a game. It would get to 19-19 and the allegations of cheating would start."

There is a serious side to the Surrey siblings' rivalry, of course. "Ben has a great natural talent," Adam said. "He's got all the good genes, for sure, and I've had to work much harder to get to this level than he has. But we've both learned our cricket in England and we can't wait to get going."

Pitch thought too slow for Lawrence

Gloucestershire, the Championship leaders, have left David Lawrence out of the team to face an unchanged Essex today as the Gloucester wicket, built over an old rubbish tip, will be too slow for the 33-year-old fast bowler.

Lawrence has made a fine return to action after five seasons out with a horrific knee injury. His place goes to former amateur boxer Camran Sheeraz.

The champions, Leicestershire, could welcome back veteran medium-pace Gordon Parsons in place of spinner Matthew Brimmon for the visit of Surrey, who recall Alistair Brown.

Worcestershire may find a place for David Leatderdale at Chester-le-Street after his career-best 5 for 10 against Australia. Durham have added seamer Steve Lugden, 20, and Martin Suggers to their squad, with Simon Brown, Melvyn Batts and John Wood all retained.

Warwickshire, without England pair Nick Knight and Ashley Giles against Middlesex at Edgbaston, give a debut to the all-rounder Mo Sheikh.

Lancashire have doubts over Wasim Akram and captain Mike Watkinson (both shoulder) against Northamptonshire. Tim

Walton comes in for the visitors as opening bowler Mohammad Akram has a calf problem. Their 12th man is Mark Steele, son of former England batsman, David.

Fast bowler Vashet Drakes (side strain) and opener Toby Peirce (hand) are doubts for Sussex against Kent at Horsham, but Keith Greenfield is fit after dislocating a finger and opens the innings. Kent's leg-spinner Paul Strang will play despite a broken finger, while Trevor Ward returns after injury and fast bowler Ben Phillips replaces Dean Headley.

Nottinghamshire are without Mohammad Zahid against Derbyshire at Trent Bridge. Zahid, yet to make his debut owing to a back injury, broke down again yesterday. Derbyshire's Kim Barnett, who injured his knee last week, is likely to play.

Hampshire's captain, John Stephenson, and fast bowler Cardigan Connor return at Cardiff against Glamorgan, who hope Hugh Morris's ankle improves. The 22-year-old Gary Butcher replaces Robert Croft.

Marty Moxon and Peter Hartley return for Yorkshire at Taunton against Somerset, whose wicketkeeper Rob Turner has an eye injury. Mike Burns steps in.

Derby delight as Eranio signs

Football
ALAN NIXON

Jim Smith, the Derby manager, could hardly contain his delight yesterday after signing the Italian international Stefano Eranio from Milan on a free transfer.

The 30-year-old wing-back, who can also operate on the right of midfield, becomes a free agent next month and was signed on a three-year contract under the Bosman ruling. Eranio was wanted by Monaco and Porto, while Milan offered him another two-year deal. But Eranio made his mind up after a visit to Derby and Smith said: "He liked what he saw, the new stadium and the potential. I think it was the honesty of the club that sold it to him. We have

signed one of the best wing-backs in Europe and it's very exciting for the fans and for me."

Eranio joins a growing band of Italians who have joined Premiership clubs in the last year and had a blunt message for anyone who questions his commitment. Speaking through an interpreter, he insisted: "I was on Genoa's books for 15 years and then spent five years with Milan and it was me that wanted a three-year contract at Derby."

Eranio would have been valued at about £4m under contract and Smith, added: "We have signed a world class player from one of the biggest clubs in the world on a free transfer, and you can't get better value than that."

Derby also completed the £500,000 signing of the Birm-

ingham midfielder Jonathan Hunt. Steve Castle, freed by Birmingham, has joined Peterborough. Meanwhile, the Birmingham captain, Steve Bruce, has emerged as a leading contender for the managerial vacancy at Stoke.

The Sunderland manager, Peter Reid, hopes to complete the £1m signing of a Dutch goalkeeper, Edwin Zoetebeier, today. The Volendam player arrived on Wearside with his agent last night to finalise personal terms.

The former Dutch under-21 international, also being watched by Rangers, is keen to come to England and should get his wish after the clubs agreed a price. Signing Zoetebeier, whose name means sweet beer in Dutch, will cheer up Reid after missing out on Blackburn's

Shay Given, who is set to join neighbours Newcastle. But the arrival of Zoetebeier will mean the end for the popular Frenchman Lionel Perez. He will be allowed to go for a reasonable fee once the Dutchman signs.

Chris Waddle will not be part of Sunderland's attempt to regain their Premiership status next season. Reid has told the 36-year-old former England winger that his contract, which runs out at the end of June, will not be renewed.

Reid told Waddle, who joined Sunderland from Bradford in March in a £75,000 deal, that he had done a magnificent job for the club during his brief stay. Waddle played seven games for Sunderland but was unable to prevent them from being relegated to the First Division.

Drugs are last straw for Paille

Stéphane Paille's career looked to be over last night as Heart of Midlothian ended his contract after he was found guilty of taking a prohibited drug.

Paille became the first player caught in almost a decade of random testing by the Scottish Football Association. He took Dintinell, which contains amphetamine, before a Premier Division game against Kilmarnock last month, later claiming it was to counter a weight problem.

But the SFA found the former French Footballer of the Year guilty of taking a banned substance and imposed a four-month ban from 19 July. That ban is now likely to be made world-wide after Hearts said Paille, who was involved in a cannabis case earlier in his career, had been released by the club.

The Scottish club signed him on a free transfer this season and he was man of the match in the Coca-Cola Cup semi-final victory over Dundee. The Scottish Professional Footballers' Association said Paille issued a statement through them today.

Wrexham, Swansea and Cardiff compete against the League of Wales champions, Barry Town, in the new FAW Invitation Cup next season. The eight-team tournament will carry £750,000 in prize money. Others taking part are the Merthyr Tydfil, Dr Martens Premier Division side, and the League of Wales clubs Bangor City, Conwy United and Newtown.

Boavista striker is set for Elland Road

Leeds United are to sign Jimmy Floyd Hasselbaink in a £2m deal later this week. George Graham, the Leeds manager, has agreed a price for Boavista's prolific goal scorer and hopes to fly the striker in for talks today.

Like the Chelsea manager, Ruud Gullit, Hasselbaink comes from Surinam and he also started his career in the Netherlands.

Known simply as Jimmy to his supporters in Portugal, he is a cult figure with the unfashionable club where he has made his name this season. The powerful forward is the second highest scorer in Portugal with 20 goals, just behind Porto's Jardel, but he is keen to come to Leeds to try his luck in England.

Hasselbaink's agent has discussed personal terms with Leeds and the transfer is expected to go through smoothly in the next two days.

The signing is being kept under wraps, but Leeds officials are confident they have one of the building blocks for the start of a massive rebuilding programme. Hasselbaink looks an obvious replacement for Brian Deane and with Ian Rush and Lee Sharpe also thought to be on the move, it will be all change at Elland Road.

Ray Harford, the West Bromwich Albion manager, is prepared to commit around half of his £2m transfer kitty to an offer for the Preston winger Kevin Kilbane. Julian Darby, rated at £200,000, has been offered to Preston as part of the deal.

Giants snap up Brandon from Sharks

Basketball
RICHARD TAYLOR

Manchester Giants finally got their man yesterday, when they bought out the final two years of Jim Brandon's contract with their Budweiser League rivals, Sheffield Sharks, and lured the 38-year-old American coach across the Pennines.

Sheffield's general manager, Yuri Matitschen, said: "We would have preferred Jim to stay, but he's been on Giants' hit list for 18 months."

Wellton, the former Manchester United and Great Britain coach, has returned to the Continent after his unsuccessful season in Manchester to join Germany's SSV Hagen.

Sheffield finished third in the league last season and eliminated Manchester in the play-off quarter finals.

Matitschen said: "It's a good move for Jim and for us. Giants have made a financial consideration in respect of the two years left on his contract. Maybe the time is right for the split. The team didn't come up to scratch last season and a new coach can bring in changes."

Sharks name a new coach today, whose first disappointment will probably be losing England international Roger Huggins to a Continental club.

Brandon played in Manchester in 1983 and still owns property in the city. "I have always considered Manchester home," he said yesterday.

McCarthy delays naming Republic side

Watford's David Connolly and Mark Kennedy of Liverpool passed fitness tests yesterday, but the Republic of Ireland manager, Mick McCarthy, has delayed naming his team for the World Cup Group Eight qualifier against Liechtenstein in Dublin until just before kick-off.

Connolly, who strained a thigh in the warm-up for Pat Bonner's testimonial match on Sunday, believes he will fit for the game, as does Kennedy, who is equally confident of his own chances despite some discomfort with a groin strain.

However, McCarthy sounded a note of caution yesterday, say-

ing: "I won't take any chances. We will see if there is any reaction. But if they are both OK it will be very difficult to make changes apart from the enforced ones after a good performance against Romania last night."

The Irish suffered a 1-0 defeat to the group leaders in Bucharest, but it was a vastly improved display from the 3-2 defeat in Macedonia three weeks earlier and they can climb to second place in the table with a three-goal win tonight.

The upsurge of confidence has prompted the Football Association of Ireland to discuss a two-year extension of Mc-

Carthy's contract which is due to expire in March.

Blackburn's Jeff Kenna is set to replace Manchester United's injured full-back Denis Irwin, after substituting impressively for him for the second half in Bucharest. Shay Given, Kenna's team-mate who is set for a £2m move to Newcastle in the summer, will win his ninth cap in goal in place of the injured Alan Kelly.

Portsmouth's Alan McLoughlin is available after suspension, but is unlikely to regain a midfield place with the central trio looking certain to be Ray Houghton of Crystal Palace,

United's Roy Keane and Andy Townsend of Aston Villa.

The Irish beat Liechtenstein 5-0 in Eschen in August and tonight's visitors are still without a point in the group.

However, McCarthy said: "They will take great delight in trying to make things as difficult as possible for us. They will come with a deep defence and try to quieten our crowd by frustrating us for as long as possible - the kind of thing we enjoyed doing when we went away to supposedly superior sides in Jack Charlton's days as manager - and so we can expect to have to work for anything we get."

£9m Lottery largess lands in lap of chosen seven

MIKE ROWBOTTOM

The money tree which is the National Lottery yesterday dropped a windfall worth nearly £9m into the laps of seven eager and grateful sporting bodies.

Athletics, rowing, hockey, swimming, netball, the Commonwealth Games Council for England and the British Paralympic Association all benefited from what will be the first of a series of multi-million pounds hand-outs.

These are the first Lottery money awards for revenue -

rather than capital - projects. The initiative - which will provide sport with £40m a year for the next three years - will give British competitors parity with funding levels already existent in countries such as France, Germany and Spain.

"For the first time we are now able to support our sports men and women at levels which go far beyond what any organisation has been able to do before," said Rodney Watker, chairman of the English Sports Council, which is awarding the funds as part of the World Class Performance programme.

The largest of the one-year awards announced yesterday went to the British Athletic Federation, which received £2.6m, of which £1.17m will go directly to subsidising 195 individual athletes' living and training costs.

The Amateur Swimming Association was the next biggest beneficiary, with £2m (£652,824 subsistence), the Amateur Rowing Association received £1,861,243 (£674,306), the English Hockey Association was given £1,657,234 (£580,698) and the All England Netball Association £102,459.

The British Paralympic As-

sociation received £135,480 over the next four years, and the Commonwealth Games Council for England's award is provisional.

The English Hockey Association, which will be formed on 1 June from the merger of the men's and women's associa-

tions, has secured funding right through to 2004, with its total rising to £3.2m by 2000 in time for the Sydney Olympics.

Nigel Hall, the director of coaching for the All England Women's Hockey Association, said: "Now we've got the mon-

ey to go with the expertise we've always had, we know we will be one of the top hockey playing nations in the world, both men and women.

"The men won gold in 1988 and women won bronze in 1992 but by the time we get to the 2004 Olympics I hope both sides will get to the final. We know we can do it. It's given us the opportunity to realise our dreams."

Hall says the English Hockey Association will form an elite training group of 80 men and women and introduce pay- ment for travel and competition.

David Tanner, the British rowing team manager, said the number of full-time coaches in the sport could now rise to six. "Four years ago, we only had one," he said. The award also meant that rowers would no longer have to fund themselves to travel for training and competition, starting with the World Cup later this month.

Malcolm Arnold, the British Athletic Federation's performance director, said he was "delighted" with the award, even though it was less than the initial proposal of around £4m. Referring to the bad public-

ity athletics has had in the wake of internal dissension, Arnold said: "This is a signal that the sport has integrity and is moving in the right direction. For me, this is a victory for those who love the sport over those who love themselves."

The World Class Performance funding will be effectively ring-fenced within the sport, directed by a subsidiary of the BAF.

Eleven other sports have so far submitted applications to the programme, and the next round of awards is expected in early June.

SPORT'S BIGGEST WINNERS

| | |
|---------------------------------|----------------------------|
| British Athletic Federation | £2.6m |
| Amateur Swimming Association | £2m |
| Amateur Rowing Association | £1,861,243 |
| English Hockey Association | £1,657,234 |
| All England Netball Association | £102,459 |
| British Paralympic Association | £135,480 (over four years) |
| Commonwealth Games Council | provisional award |

Monty wins in million dollar style

GOLF

ANDY FARRELL
reports from Denham

There is no doubting Colin Montgomerie's insatiable appetite for capturing the biggest prizes in golf. Or, at least, the richest if not the most historic.

Monty may not have won a major championship but his last victory was at the Million Dollar Challenge in Sun City last December and, as winner of the European Qualifier for the Andersen Consulting World Championship, he will be after another \$1m first prize at the Finals in Arizona next January.

Playing in appropriate million dollar fashion, the Scot, who beat Jose Maria Olazabal on Monday, first beat Sam Torrance, last year's European winner, 6 and 4 and then beat Costantino Rocca 5 and 4.

Montgomerie has never won in America but will only have to win two more 18-hole matches to break his duck. The first will be against the winner of the International section, which is yet to be decided but last year produced the overall champion, Greg Norman. Victory would see him into the final against either Davis Love or Hajime Meshia.

Even losing twice would guarantee him a further \$100,000 on top of the \$200,000 he won yesterday. That would be unlikely on his form yesterday, when he was 14 under par

for the 28 holes he played. Against Rocca he had seven birdies, but was also putting for birdie on the other seven holes.

"I drove the ball so well that I gave myself chances on every hole," Montgomerie said. "And I set up so many opportunities that I could not have failed to hole some of them."

Montgomerie had been so disillusioned with his putting that he had his equipment company deliver three new putters to his home on Monday night. After practising on the living room carpet, he picked out one, threw all the others out of his car boot and made his way to The Buckinghamshire club at six in the morning for an hour and a half's practice before breakfast.

"I have never worked so hard and I have never been at a course so early. There were only a few greenkeepers around," he said. "I've never been in America for New Year and I'm looking forward to the PGA this week because Wentworth is a good driver's course."

Rocca, wearing Tiger Woods' favoured red colours, won the first with a birdie four after Montgomerie's second caught a bunker, but then the Scot took four of the next five holes.

Rocca did not do much wrong, and produced an exquisite shot from the rough at the 13th to get back from five to four-down. But the Italian failed to get up and down at the par-



Costantino Rocca cannot disguise his disappointment at missing a putt at The Buckinghamshire yesterday

Photograph: Peter Jay

three 14th and that was that. In the morning, Montgomerie was off and running against his countryman when he holed from 30 feet at the fourth and 20 feet at the next. Torrance did not help himself by missing the

seventh green from the middle of the fairway, and then driving into the water in attempting to drive the green at the short par four eighth. "I made it easy for him," Torrance said.

Montgomerie's only dropped

shot of the day came the 10th, when he took three putts from long range, but then closed out the match with birdies at three of the next four holes. He then had a lengthy wait to see who he would play.

Darren Clarke was three up on Rocca after four holes and while the Italian immediately regained two of those holes, he had to wait until Clarke had a bogey at the 14th to draw level. They halved the last four

holes before Rocca won at the 19th hole.

ANDERSEN CONSULTING WORLD GOLF CHAMPIONSHIP (18 holes matchplay). The Buckinghamshire, Denham: Sam Torrance (6-5) to Montgomerie (5-4) in Sun City (18-18) and 6 and 4; C Rocca (6-4) to Montgomerie (5-3) in Sun City (18-18) and 5 and 4; P Meshia (6-4) to Montgomerie (5-3) in Sun City (18-18) and 5 and 4.

Widnes go West in search for survival

Rugby League

DAVE HADFIELD

Graeme West, sacked by Wigan at the start of the season, has taken over as coach at their erstwhile great rivals, Widnes, who are bottom of the First Division.

The club's head coach, Bernard Long, and their football manager, Doug Laughton, have left "by mutual agreement" but have clearly paid the price for a once-powerful side's dismal start to the campaign.

The team's lack of stability is illustrated by their use of 45 players so far this season and they have lost eight games in succession, culminating in a 44-6 home defeat by Hull on Sunday, after which Long was jettisoned from the pitch.

Long was appointed coach at the start of this season, while Laughton was in his third stint at the helm of a club he first coached almost 20 years ago.

"The board felt we needed changes because of our poor start," the Widnes chairman, Tony Chambers, said.

"We rate Graeme very highly. His first priority is to win at Workington on Friday and then to keep us in the First Division."

West, who has signed a two-year contract, was with Wigan for 14 years before being sacked in February after refusing to move upstairs and become football manager.

He has since turned down a chance to coach Halifax, but has made it clear that he wanted to stay in England rather than return to his native New Zealand. The former Wigan player, Andy Platt, has replaced Steve

Blakeley as captain of Salford. The club's coach, Andy Gregory, said that a combination of the responsibility and the after-effects of two groin operations had affected Blakeley's form.

The added responsibility of the captaincy has been playing on his mind and he should feel more freedom playing under Andy Platt, who is our most experienced player," Gregory said.

Platt will lead the side for the first time tomorrow night against St Helens, who could be without Andy Northey as well as a string of injured players.

Northey has been cited over an incident in last Friday's draw with London, when he appeared to kneel Martin Offiah in the back. Saints will still be without Alan Hunte, Paul Newlove, Tommy Mariyo and Chris Joynt, but their coach, Shaun McKee, says that they will not be panicked into the transfer market.

The Super League leaders, Bradford, could also be without a player for their forthcoming games. If Graeme Bradley is found guilty of a suspected high tackle on Nigel Vaggas.

Cipollini sprints clear

Cycling

Mario Cipollini outprinted the pack yesterday to claim his third stage victory in four days of the Giro d'Italia race.

The defending champion, Pavel Tonkov, retained the overall lead, preserving his one-second lead over his fellow Russian, Evgeni Berzin.

Cipollini dominated a crowded sprint following a 156-kilometre (96.7-mile) ride from San Marino to Arezzo displaying the impressive power and speed which has earned him the nickname of "Super Mario."

The 30-year-old edged out another Italian, Endrio Leoni, and Angel Edo Alsina, of Spain.

Cipollini, who won the first stages of the Giro at the weekend, lost the leader's pink jersey to Tonkov on Monday, following an uphill individual time trial won by the Russian.

The stage, through a hilly course crossing from the Marche to the Tuscan region, saw several spills in the final kilometres. The casualties included Colombia's Cello Romano, who crashed into the Italian, and the Russian Vladimir Bobrik, who suffered bruises but completed the stage.

'Russian roulette' drug tests

Athletics

Vicente Modahl has criticised the "sloppy and dangerous" ways in which he claims doping control stations are being run.

Modahl, husband and coach of the 800 metres runner Diane, reckons the current testing procedures are "Russian roulette for innocent athletes".

In a letter to Professor Arne Ljungqvist, chairman of the International Athletic Amateur Federation Doping Control Commission, he lists 10 ways in which testing regulations were not observed at a meeting held in Celje, Slovenia, on Sunday.

Malaysians omit their leading player

Badminton

Rashid Sidek, the Commonwealth champion and world No 1, is a surprise absentee from the World Championships in Glasgow after refusing to play for his country in the team event.

Sidek wanted to only take part in the men's singles next week. He was turned down and when he still refused to play for the team, the Malaysians omitted him from the tournament.

The absence of the player, who won the bronze medal at last year's Olympics and became world No 1 for the first time in February, will deny the tournament of one of the front-runners for the men's singles title.

However, the problem had long been predicted inside Malaysia, whose strict policy was laid down months ago. "We are trying to build up team spirit after a disappointing Thomas Cup last year," the team leader, Mohamed Amin, said.

"We believe we have to treat all the players the same. Our council wants players to play in both team and individual events and anyone who wants to play for Malaysia must follow that."

Badminton

SEMI-FINALS: Group 4: Germany 3 Thailand 2; Japan 3 Japan 2; Group 5: Malaysia 3 Netherlands 2; Russia 3 Greece 2; Group 6: Poland 2 Iceland 1; USA 3 Bulgaria 2; Group 7: France 3 France 2; Group 8: Spain 3 Spain 2; Group 9: Spain 3 Spain 2; Group 10: Spain 3 Spain 2; Group 11: Spain 3 Spain 2; Group 12: Spain 3 Spain 2; Group 13: Spain 3 Spain 2; Group 14: Spain 3 Spain 2; Group 15: Spain 3 Spain 2; Group 16: Spain 3 Spain 2; Group 17: Spain 3 Spain 2; Group 18: Spain 3 Spain 2; Group 19: Spain 3 Spain 2; Group 20: Spain 3 Spain 2; Group 21: Spain 3 Spain 2; Group 22: Spain 3 Spain 2; Group 23: Spain 3 Spain 2; Group 24: Spain 3 Spain 2; Group 25: Spain 3 Spain 2; Group 26: Spain 3 Spain 2; Group 27: Spain 3 Spain 2; Group 28: Spain 3 Spain 2; Group 29: Spain 3 Spain 2; Group 30: Spain 3 Spain 2; Group 31: Spain 3 Spain 2; Group 32: Spain 3 Spain 2; Group 33: Spain 3 Spain 2; Group 34: Spain 3 Spain 2; Group 35: Spain 3 Spain 2; Group 36: Spain 3 Spain 2; Group 37: Spain 3 Spain 2; Group 38: Spain 3 Spain 2; 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Bokke attack

Chris Hewett on a Lion-sized confrontation, page 30

sport**Man from the bush**

Derek Pringle on Australia's pace man, page 30

Internazionale pursue '£40m' Ronaldo deal**Football**

GLENN MOORE

As Ronaldo, his extravagantly gifted Brazilian, was being linked to a £40m deal with Internazionale yesterday, Bobby Robson must have taken consolation from his own words earlier this season.

In reference to an attempt to buy Christian Karembeu from Sampdoria, the Barcelona manager said: "Transfers don't seem as simple as they used to be."

A few weeks after he said that, Ronaldo, still just 20, was linked with clubs from Manchester United and Arsenal to Lazio and Milan. Coincidentally,

Ronaldo's advisers then renegotiated his six-month-old contract upwards to £2.5m a year.

That is the context of yesterday's Italian newspaper reports of Ronaldo signing for Inter. These were denied by Massimo Moratti, president of Inter, but he did admit negotiations were proceeding and he hoped they would succeed. It then emerged that Parma were also interested.

This could be newspaper talk – the speculative nature of the Italian press makes our tabloids look like Hansard – or it could be part of a scheme to increase Ronaldo's wages yet again.

The tale could even have come from Moratti in an attempt to increase his popularity among the club's supporters, or it could have come from those elements at Barcelona who are anxious to unseat Robson. Of course, it could also be true.

What it underlines is that post-Bosman, players have become the masters of the football universe. Inter's reported offer consists of £3m a year for Ronaldo (£60,000 a week) until 2005 and a new world-record fee of £20m-plus, which would include buying out his current eight-year deal.

The Bosman ruling was supposed to stop these spiralling fees, but instead it merely means players sign ever-longer contracts ensuring their security, but not their loyalty.

Since Spanish football is closely followed in Brazil, and he is already with the largest club in the world, one wonders why Ronaldo would want to leave. This season has already brought success in the European Cup-Winners' Cup and Spanish Super Cup, with the Spanish Cup final to follow.

Barcelona remain in contention for the Spanish title and – unlike Inter – are almost certain to be in next season's Champions' League.

It could be money, but he is already massively rewarded. Ronaldo, whose life began in poverty in Rio de Janeiro, was by all accounts a remarkably level-headed 19-year-old when Robson signed him for £13m from PSV Eindhoven in the summer. One wonders if he is still quite so sensible – Robson has already had to discipline him once with extra training after he arrived back late from a trip to Brazil.

It could be a rift with Robson, but in that case it would be worth waiting to see whether he, or Louis van Gaal, will be in control next season. Of course, the more often Ronaldo and similar players move, the more money their "advisers" make. They are the other beneficiaries of the modern transfer system which not so much a merry-go-round as a gravy train.

Incidentally, in other reports, Fiorentina's Gabriel Batistuta was linked with Inter and Manchester United, Roberto Baggio was linked with Marseille and United, Juninho was still linked with Atletico Madrid and United, Christian Vieri of Juventus was linked with Atletico, Paolo Maldini was again linked with Chelsea and Alessandro Del Piero was linked with a London restaurant.

Despite the success of Gordon Ramsey, the former Rangers defender, at Aubergine, this presumably was meant to indicate that Del Piero was moving to a London football club, not that he was becoming a celebrity chef.

Tourists' plans ruined by rain**Crickets**

JON CULLEY

Australia will go into tomorrow's opening Test match with England needing to overcome a lack of match practice after yesterday's final warm-up against Durham failed even to begin because of a water-logged square at the county's Chester-le-Street headquarters.

Kevin Keegan opened the £2.6m second phase of the impressive Riverside development half an hour before the scheduled start but not even the most modern technical aids could deal with several hours of overnight rain that had created patches of mud on wicket ends close to the intended pitch.

The abandonment of the game – sponsored, by unfortunate coincidence, by Northumbrian Water – was a huge blow to the county and especially to their captain, the former Australian Test batsman, David Boon.

A record crowd of 6,000 had been anticipated and contractors had worked until 2.30 in the morning to put the finishing touches to the new buildings.

The extent to which it is a setback to the Australians, who arrived in England only last week, may become apparent tomorrow. Having lost time to the weather at Northampton last Saturday and then been dismissed cheaply at Worcester on Sunday, they are certainly less well-prepared than they would have hoped, although their coach, Geoff Marsh, admitted that the decision to schedule only a brief acclimatisation had been a calculated risk.

"We had good weather in 1989 and 1993 but we knew the chances were that there would be rain this time," he said. "However, we had to give the players a break after South Africa. They have had three and a half weeks off but they were very busy before that."

"It is disappointing that we could not play here but it is not the end of the world. Just about everyone has had some cricket and come Thursday we just have to do the business."

The one possible casualty is fast bowler Andrew Bichel, who was due to test his recovery from a back injury that has kept him out thus far. Australia must decide whether to gamble on his fitness or give the third seamer's place to Michael Kasprowicz.

Marsh said the team picked yesterday – comprising Taylor, the Waugh brothers, Bevan, Ponting, Slater, Healy, Warne, Bichel, Gillespie and McGrath – was "very close" to the side likely to play at Headingley. Brothers with attitude, page 31



Ronaldo: Reported to have been offered £3m a year

Liverpool pair are warned by Hoddle

PHIL SHAW

Glenn Hoddle revealed an iron fist in the velvet glove yesterday, warning Liverpool that they have jeopardised Robbie Fowler's chances of appearing in next year's World Cup finals by withdrawing him from England's five summer internationals.

Within two hours of naming his squad on Friday, Hoddle received a fax from the Liverpool manager, Roy Evans, informing him that Fowler and Steve McManaman were being pulled out on the grounds that both needed surgery. The news, particularly its timing, left the England manager "as disappointed as I've been" since he succeeded Terry Venables last autumn.

The pair will miss Saturday's friendly against South Africa at Old Trafford, as well as England's World Cup qualifier in Poland on 31 May and the ensuing four-nation tournament in France. Hoddle's attempt to persuade Evans to release them for the Polish trip alone – an arrangement similar to the one with Arsenal over Tony Adams – proved unsuccessful.

"The club have let me down, purely in the sense that they knew these five games were coming up," Hoddle said. While apparently accepting that McManaman's knee injury required urgent treatment, he argued that the nasal operation to cure Fowler's respiratory problem could and should have taken place as soon as his season ended in suspension.

Hoddle pointed out that Manchester United's Andy

Cole, originally a replacement for Les Ferdinand, now had "the opportunity" Robbie might've had "if Liverpool had rescheduled his operation."

He explained: "My main concern from the players' point of view is that they could miss the World Cup in 12 months' time. Because as one door shuts, another swings open for other players. They come in and get the chance, and we've got time in the next three weeks to get to know people." Asked specifically whether the Liverpool striker's absence might count against him for the finals, Hoddle replied: "It could do."

Marek Citko, Poland's scorer against England in the World Cup qualifier at Wembley and a transfer target for Liverpool, is out of the game for six months after rupturing his Achilles tendon in a match for Widzew Lodz. He misses the Poland-England return on 1 June.

With the loss of the Anfield duo, and the eternal controversy of club-versus-country rearing its head, Hoddle has been made acutely aware of the difficulties endured by Venables, Graham Taylor and Bobby Robson. He acknowledged that the dilemma would not go away, adding: "I can understand the club's position, but the way it was done needs to be addressed."

Liverpool had failed to give him "a satisfactory answer" as to why Fowler was still awaiting surgery. "He could have had it done earlier and been ready for Poland," Hoddle said. "I've seen players have that operation and they need three to four weeks." Communications do seem to



Paul Gascoigne on his way to England's training session at the Mottram Hall Hotel, Cheshire, yesterday

Photograph: Ross Kinnaird/Allsport

have been unusually poor. Liverpool, who pay the players' salaries, were understandably protective. However, Hoddle was perhaps naïve to assume that since McManaman and Fowler were playing in the Premiership each week, they were automatically available.

A Liverpool spokesman said last night: "We're waiting until Roy Evans returns to the country from holiday before replying."

For Cole, whose England pedigree amounts to a 10-minute cameo against Uruguay in 1993, the call-up was the second shock of a week that began with Eric Cantona's retirement. The 47m striker did not enter United's attack until late February because of illness and injury, and he had been due to fly to New York today for a holiday.

Cole said he had improved "100 per cent" since moving from Newcastle and was now more of a team man. Despite criticism of his failures in front of goal against Borussia Dortmund, and "hurtful" comments about his lack of rapport with Cantona, he felt he was "a better player than I'm given credit for."

The enigma's sudden departure from United had, he admitted, stunned him. Would the players try to change Cantona's mind? "I haven't spoken to any of them," Cole said, "but I should think they might contact Eric."

Hoddle, who expects Cole's pace to enhance England's counter-attacking options, said: "The more I find out about this job, the more I realise that club management is no apprenticeship for it."

Referring to Howard Wilkinson's recommendations for improving continuity in the England set-up, he said: "I'm a bit younger than most and plan to stay around longer. Maybe they'll have to look for a 12-year-old coach."

bit younger than most and plan to stay around longer. Maybe they'll have to look for a 12-year-old coach."

THE INDEPENDENT CROSSWORD
No. 3304, Wednesday 21 May By Aquila

Across

- Violinist, say, performing Tchaikovsky's last here in New York (6)
- Worth a few smackers? (8)
- Maryl's easy berth here (9)
- Greek dialect of the upper chamber (5)
- Powder kept in hospital cabinets (4)
- Monies lost in exchange still? (10)
- First-day cover (3-4)
- Draw section of authentic elevation (6)
- Unusually, I agree with female adviser (6)
- One who brings about destruction of whale (7)
- Old rake with a fluted shaft (10)

Down

- Evidence of wound from crazy rock (4)
- Scat back first-class section of bone (5)
- Harvest fruit for shows again (9)
- Occasions for dances in the country, around mixed lido? (8)
- Test of gold trade (6)
- Make extremely happy around university with festoon (8)
- Merry-go-round commotion, supported by one engagement for jazzmen (9)
- Device sure to go wrong (6)
- Popular Oxford feature to touch the imagination? (7)
- All-male race? That will get us nowhere! (10)

Tuesday's Solution

ACROSS: 1. VIOLINIST, 2. TCHAIKOVSKY, 3. NEW YORK, 4. WORTH, 5. MARYL, 6. EASY, 7. BERTH, 8. SMACKERS, 9. MARY, 10. RAKE, 11. GREEK, 12. DIALECT, 13. UPPER, 14. CHAMBER, 15. POWDER, 16. CABINETS, 17. MONIES, 18. LOST, 19. EXCHANGE, 20. STILL, 21. FIRST, 22. DAY, 23. COVER, 24. DRAW, 25. SECTION, 26. AUTHENTIC, 27. ELEVATION, 28. UNUSUALLY, 29. I, 30. AGREE, 31. WITH, 32. FEMALE, 33. ADVISER, 34. ONE, 35. WHO, 36. BRINGS, 37. ABOUT, 38. DESTRUCTION, 39. OF, 40. WHALE, 41. OLD, 42. RAKE, 43. WITH, 44. A, 45. FLUTED, 46. SHAFT.

DOWN: 1. EVIDENCE, 2. WOUND, 3. FROM, 4. CRAZY, 5. ROCK, 6. SCAT, 7. BACK, 8. FIRST, 9. CLASS, 10. SECTION, 11. OF, 12. BONE, 13. HARVEST, 14. FRUIT, 15. FOR, 16. SHOWS, 17. AGAIN, 18. OCCASIONS, 19. FOR, 20. DANCES, 21. IN, 22. THE, 23. COUNTRY, 24. AROUND, 25. MIXED, 26. LIDO, 27. TEST, 28. OF, 29. GOLD, 30. TRADE, 31. MAKE, 32. EXTREMELY, 33. HAPPY, 34. AROUND, 35. UNIVERSITY, 36. WITH, 37. FESTOON, 38. MERRY, 39. GO, 40. ROUND, 41. COMMOTION, 42. SUPPORTED, 43. BY, 44. ONE, 45. ENGAGEMENT, 46. FOR, 47. JAZZMEN, 48. DEVICE, 49. SURE, 50. TO, 51. GO, 52. WRONG, 53. POPULAR, 54. OXFORD, 55. FEATURE, 56. TO, 57. TOUCH, 58. THE, 59. IMAGINATION, 60. ALL, 61. MALE, 62. RACE, 63. THAT, 64. WILL, 65. GET, 66. US, 67. NOWHERE, 68. THAT, 69. WILL, 70. GET, 71. US, 72. NOWHERE.

Swimming considers revolutionary drug plan

JAMES PARRACK

EXCLUSIVE

fits in swimming) are detectable in urine.

The new proposals have come from John Leonard, a leading American coach and the executive director of the world Swimming Coaches' Association. Leonard said: "Swimmers would be tested for blood and urine. You look for any substances that don't belong there. A specialist panel of medical and legal experts, appointed by the world governing body, would decide whether this is a performance enhancer. If the answer is yes, then you will be banned."

Leonard is convinced that the present system of random, out of competition, urine-only testing is open to too much abuse and is not working. "It's a gigantic problem, and probably the major threat to elite swimming. The real problem is the dirty chemists. They change the molecules around so that the new steroid is not on the list of banned substances, but it is still a performance enhancer. So then it gets added to the banned list and the chemists just change it again. The list gets longer and the cheats get away with it. We need a whole new protocol."

A precedent has been set in skiing, which has been using blood tests for eight years. The world governing body informed its member federations that in order to compete they had to agree to blood testing. With enough pressure from within the sport, swimming could do the same.

The British swimmer Nick Gillingham, who feels he was denied a bronze medal in the Atlanta Olympics because of a ban on the use of drugs, welcomed the proposals. "Everyone gives blood for lactate testing to monitor training so there should be no objections for giving blood for drug testing," he said.

"If someone refuses, you have to ask what the real reason behind it is. At the moment one could beat the system with the right money, the right lawyer and the right pharmacist."

The American swimmer Janet Evans – another who feels that "clean" swimmers are not being given a fair chance – was also in favour of the new scheme. Evans said: "This is a great idea. People look at the banned list and think, 'Wow these are drugs I should be taking', and get ideas from it. It's ruining the legitimacy of the sport. What's being done now isn't working. But you try to do something about it and nothing happens and everyone gets so frustrated. We definitely need blood testing."

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